



INSIDE SECTION TWO

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Not just your average cross-dresser



## Russia pulls back from spy showdown

### Threat to expel nine diplomats

PHIL REEVES and HELEN WOMACK  
Moscow and JOHN LICHFIELD

Intense negotiations were underway last night in an effort to dampen down the worst spying row between Britain and Russia since the Cold War. The move came amid continued pressure from hardliners in Moscow's security services for the expulsion of nine British embassy staff.

It appeared that Moscow might at least be reconsidering the severity of its proposed action, according to British sources, with signs of differences between the Russian security services and the foreign ministry.

The British ambassador to Moscow, Sir Andrew Wood, had a 30-minute meeting with Russia's Foreign Minister, Yevgeny Primakov, yesterday in an attempt to iron out the crisis, which began with the arrest of a young Russian man who was allegedly recruited by MI6.

The ambassador emerged from the meeting saying only that the discussion had been "private" – raising hopes that Moscow and London may have made progress in trying to find a discreet deal to end the scandal before further damage is done to bilateral relations.

The Foreign Secretary, Malcolm Rifkind, said last night that Mr Primakov did not formally repeat the threat to expel British diplomats during the meeting. Mr Rifkind said Mr Primakov told Sir Andrew that Russia "wanted to avoid any emotional or rushed decisions". During a lengthy meeting, called at Mr Primakov's request, the Russians apparently did not confirm – but did not

withdraw – yesterday's threat to expel nine British diplomats.

"No demands were made of a kind that I'm familiar with," Mr Rifkind said in Birmingham, where he had chaired a meeting of European foreign and defence ministers.

Had Mr Primakov confirmed the expulsion of nine diplomats – as the Federal Security Services, the new KGB, demanded – past practice suggests that the ambassador would have



announced it immediately. It ended a day of confusion over the fate of the Britons which owes much to an apparent disagreement between the FSB and the Russian Foreign Ministry – tensions that have arisen despite Mr Primakov's past employment as the head of the foreign intelligence services.

The FSB said that Sir Andrew Wood had been handed a list of nine British diplomats at the embassy who had been declared "persona non grata" for having links with the agent, who is accused of "passing on political, defence, and strategic information".

But later in the day the Foreign Ministry – which officially has responsibility for foreign relations – declined to confirm this. Asked when a decision on the expulsions would be taken, a ministry spokesman, Grigory Karasin, said: "As soon as we know about it, we will let you know."

The issue that appears to have divided the two government departments is how Russia should respond to the arrest of the alleged spy. In contrast to the FSB, which is known to contain a large hardline anti-Western element, Mr Karasin was at pains to limit the diplomatic damage: "We see our main task as avoiding an over-emotional reaction and hasty decisions which could have a negative effect on the successful development of inter-governmental relations."

His conciliatory tone gave rise to hopes that there will not be a tit-for-tat exchange between London and Moscow, with both sides throwing out more of the other's nationals. But with an election looming, the Russian government may attempt to exploit the present-nationalistic mood of voters.

The Foreign Secretary made it clear yesterday that if the expulsions did go ahead, his expelled threat on Monday to respond in kind would also stand. "We welcome the fact that the Russian government is discussing their concerns with us," he said.

Reading between the lines, it appears that Britain accepts that a genuine case of espionage has been uncovered. But it regards the proposed Russian response as grossly exaggerated, possibly for electoral reasons.

Further reports, page 10

## The six that bowled a matron over



The six that batsman Paul Jarvis struck for Sussex in the last over of their match against Surrey struck the wrong note with one neighbouring householder. As the ball cleared the ground at Hove, spectators heard a crash and the resident of a nearby flat got a unwelcome surprise

## Tories fall out over MPs' cash

JOHN RENTOUL and CHRIS BLACKHURST

Some of the Tory party's highest-earning MPs were under attack from their colleagues last night for refusing to disclose all of their outside income in the new Register of Members' Interests published yesterday.

MPs who had fully declared their outside income yesterday privately expressed their bitterness about senior colleagues who had not disclosed everything they earned in addition to their parliamentary salaries.

"I feel very bitter about those who haven't declared fully. The big-fishers are avoiding declaring," said one backbencher. He also blamed John Major for "getting us into this mess."

A number of Tory MPs, including former Cabinet members David Mellor, Douglas Hurd, Kenneth Baker and Norman Lamont, and former prime minister Sir Edward Heath, have not declared on the vast majority of their outside income, arguing that it is not related to their role as MPs.

The new register reveals differences over the interpretation of the new rules, brought in after the Nolan report into standards in public life.

As a result the highest outside earnings declared yesterday were those of Roy Hattersley, the Labour former deputy leader, with a possible maximum of £110,000 last year.

Mr Hattersley said he had conformed to the spirit of the agreement and regretted that others had not. Sir Gordon Downey, the standards commissioner, admitted that members had had difficulty interpreting the rules but he said it was up to the Commons "to judge whether the information provided matches that intended under the resolution".

Who are the fat cats? page 2

## Olympic athletes 'told to sign away rights'



MIKE ROWBOTTOM  
Athletics Correspondent

Competitors at this summer's Atlanta Olympics are being asked to sign away their legal rights in any disputes, including those involving drugs.

If they do not agree to abide by the decision of an ad hoc sporting commission at the Games, the International Olympic Committee will not allow them to take part.

Vicente Modahl, whose wife, Diane Modahl, won a long battle against doping allegations last month after being sent home from the 1994 Commonwealth Games, described the IOC proposal as a "gross violation of human rights".

He and other agents are calling for the plan to be abandoned.

The news that British competitors will be required, for the first time, to sign such an entry form for the Olympics came as a surprise to the British Athletic Federation yesterday.

Its spokesman, Tony Ward, commented: "Our position is that people should always have legal redress in such cases if they find they have been hard done by. It is a basic human right."

The federation has recently had to pay for its principle – in a sequence to her appeal against the initial four-year doping ban imposed by a BAF panel in

1994, Diane Modahl is now suing them for £480,000 damages.

British competitors already sign an agreement with the British Olympic Association when they come to pick up their uniforms. The contract obliges them to accept IOC jurisdiction, but does not preclude going to law to challenge any ruling.

Du'Aine Ladejo, Britain's European 400m champion, commented: "I can see where the IOC are coming from. They want to simplify things at their end. But I can't see any athlete signing away their rights for a fair hearing."

The Olympic entry form includes the following clause:

"I agree that the decisions of the Court of Arbitration for Sport shall be final, non-appealable and enforceable. I shall not institute any claim, arbitration, or litigation or seek any form of relief in any other court or tribunal."

Vicente Modahl is among those calling for the document to be reconsidered. "If Diane had signed a document like this before the Commonwealth Games of 1994 she would have been found guilty within the premises of the Commonwealth Games and she would have had no chance of challenging the verdict later."

Michael Beloff QC, the British representative on the At-

lanta tribunal, defended the IOC position. "There is no reason at all," he said, "why a panel of this kind shouldn't be able to adjudicate on a drug-related dispute very promptly and very fairly. The technology is available, the parties can be represented, and the body is familiar with the rules that govern the sport."

Legal sources last night suggested that matter would probably be one for the American courts to decide. But the possibility that English courts might consider they had jurisdiction was not ruled out – and if this was the case, they are likely to be extremely resistant to the IOC proposal.

## Ruling drives gardener to verge of despair

PETER VICTOR

A pensioner who has lovingly nurtured the verge in front of his home for 30 years has been told the fruits of his horticultural efforts are illegal.

George Raper, 83, and his wife, Patricia, of Little Fransham, near Dersham, Norfolk, were amazed when a letter arrived from Norfolk County Council's planning and transportation department, saying their rockery was in breach of the Highways Act 1980.

A county council spokesman said rocks placed near to a road posed a danger to pedestrians. But he was at a loss to explain why it had taken officials 30 years to notice the Rapers' rockery.

Mr Raper said the council's attitude was ridiculous: "The

thing has been there for 30 years. I put it there after we moved in because the place had been neglected by the local authority and it was full of rubbish. They say it's dangerous, but it is six feet long, two feet wide and six inches high. It's at the end of a dead end anyway, so nobody is going to fall over it."

"I've been getting a lot of support, from local people and the parish council. I'm going to sit this out to the end. But if they decide to take me to court there's no way I can defend myself against that. I've planted daffodils, tulips and bluebells and I'll just take the ruddy lot out. The villagers won't like that."

Mrs Raper accused the council of behaving in an "judicious" fashion: "He's been tending it for 30 years and in all

that time we've never heard a word about it. Now they say it's dangerous. It's ludicrous and everybody thinks so."

She added that they would be writing to the council to question the decision. Council officials are expected to hold discussions with the couple in the near future.

A council spokesman said the rocks and flowers were all technically illegal. "The flowers we don't really have a problem with," he said. "We can come to some arrangement over that. But the rocks placed so near to the road are dangerous, especially if people are trying to cross the road."

But if the rocks were so dangerous, why had it taken the council 30 years to decide? "I'm still trying to get to the bottom of that," he added.



Rockery shock: George Raper and the 'dangerous' stones

### IN BRIEF

**TV drive to kill speed**  
"The most powerful advertisements ever seen on British television" were launched by the Government yesterday as part of a campaign against speeding drivers. Page 3

**Child sex murder**  
Two men abducted, sexually assaulted and killed a nine-year-old boy to satisfy a "perverted" sexual fantasy, a court heard yesterday. Page 4

**Today's weather**  
Dry and bright with good sunny spells. Section Two, page 29



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## news

## Comic duo way off target on question of devolution

With Michael Portillo away either banning lethal weapons, or selling them (or both), defence questions in the House were fielded by the comic duo of Arbutnot and Soames.

Ostensibly James Arbutnot is the straight man. His presumptive to a baronetcy and a guitar player, his main role is to attack Labour for being soft on defence. This he does with the absolute minimum of vocal inflection, rhetorical flourish, or humour. He is a party election broadcast as delivered by the speaking clock: "At the first stroke Labour is a party we know we cannot trust on defence."

What establishes Mr Ar-



DAVID AARONOVITCH

butnot as an amusing character is the declaration in the gravest monotone of preposterous statements. Yesterday, for instance, he attributed to Labour a Transport & General Workers' Union policy which, he droned, would mean "a cut of £18bn in the defence budget. We

wouldn't be able to afford any armed forces at all, but would have to depend on civilians".

In your dreams, James. For opposite him on Labour's front bench was as blood-curdling a group of belligerent middle-aged men as can be gathered together outside the Ulster marching season. In Dr John Reid (Motherwell North), John Spellar (Warley West) and Paul Murphy (Torfaen) New Labour has gathered to speak for it on defence a collection of small Celtic pugilists and Cockney bruisers - the sort who like to headbutt much larger chaps outside pubs at closing time. This group's concept of Labour

defence is gleaned from its Israeli counterparts. Talk peace, but if anyone messes with you, take out their grandmothers.

Far from cutting defence their every instinct is to spend more on it. They love it - the planes, tanks, and marines. They can't wait until it's their turn to send the SAS into some desert or other, or be photographed with their balding bones poking out of the hatch of a Challenger. Liberated from that dark period of pacifism, when everyone was forced to talk about "weapons of mass destruction" and "ban the bomb", they are now free to extol the unique virtues of Britain's military.

This led to an odd kind of symmetry in the House. Labour would attack the Government for cutting the Navy, the Army, RAF flying instructors etc, and Mr Arbutnot would reply by accusing Labour of wanting to cut them even more. One rather longed for some old Footian (New Roy Hattersley, perhaps?) to stand up and applaud.

I shouldn't have worried. To my relief rode the other half of the incumbent comedy act, Nicholas Soames. It started when former Scottish miners' leader Eric Clarke (Lab, Midlothian) asked a regressive question about the role of the Navy. In his mind's eye he

could still see Britain's iron ramparts, riding the High Seas, fuelled by Scottish coal.

Mr Soames, a man of intuition, understood Mr Clarke's romanticism. The honourable gentleman, he said, was "caught in the wonderful time-war of Midlothian". Up, from his special cushion on the second bench, arose the formidable figure of Tam Dalyell, MP for neighbouring Linlithgow. What did Soames of Midlothian know? Specifically, "can he name one town in the county?" There was a pause as Mr Soames scanned the recesses of his memory for a file marked Midlothian: towns of - and

failed to find it. But he has been here before, and has a strategy. "What I know about Midlothian can be written on the back of a very large postage stamp", he declared. "Except for the Midlothian question, which we are all waiting to hear the answer to."

There was a friendly roar. The famous interrogation (concerning Scottish devolution) was, of course, actually the West Lothian question. Unblushingly Mr Soames replied that the two Lothians couldn't be that far apart. Which, if you think about it, coming from a defence minister, is an uncomfortable answer for neighbours of, say, Libya or Iraq.

## IN BRIEF

## Arson triple killer locked up for life

A psychopath who killed his landlady and her two children by setting fire to their home was jailed for life yesterday. Darren Carr, 25, who had been living with his landlady Susan Hearmon, 25, denied murdering her - her daughters Kylie, 6, and Julie Anne, 4, last June.

Birmingham Crown Court accepted his guilty pleas to manslaughter on the grounds of diminished responsibility. Doctors said Carr was not mentally ill when he torched the terraced house in Abingdon, Oxfordshire, but had a psychopathic personality disorder.

Mr Justice Hidden told Carr his release date would not be reviewed by the parole board for eight years and they would be told not to consider freeing him until he was no longer a danger to the public.

## A little extra

Teenagers' average weekly pocket money increased from £8.78 to £10.80 last year, and the number of young people choosing to save it rather than spend it increased from 28% to 43%. Only 9% spend it all, according to a survey by the Halifax Building Society of its 16 and 17-year-old savers. Money earned from part-time work has increased from £19.23 to £26.98. They spend most money on going out (77%), clothes (74%) and music and videos (62%).

## Trigger happy

The controversial men's magazine *Loaded* was named consumer magazine of the year for the second year running by the Periodical Publishers Association. The magazine, which specialises in football, scantily-clad models, pop stars and comedians, was applauded by the association judges for its original ideas, writing and visuals. The title's publisher, Andy McDuff, who is also responsible for *Muzik* and *Goal*, was named Publisher of the Year.

## Search stepped up

Police have stepped up the search for a missing Asian student after his abandoned rucksack was found on a rock ledge at a Welsh beauty spot. Jiwaid Ahmed, 21, who is studying English at St David's College, Lampeter, disappeared from the college on 17 March, but was seen in the Aberystwyth area during the Easter holidays. Dyfed-Powys police and coastguards combed the seaside town's Constitution Hill area last weekend without success.

## News chief named

Channel 5, which goes on air next year, has appointed an editor for its news service. Chris Shaw, 38, a *News At Ten* editor, will launch the first new non-satellite prime time news programme in Britain since Channel 4 News in 1982. Shaw joined ITN in 1984 and left for Sky News in 1988. He returned two years later as foreign editor during the Gulf War. Dawn Airey of Channel 5 said: "Chris is one of the most outstanding people in television news today."

## Two found dead

Two teenagers were found dead from a suspected cocktail of drugs and drink in a flat in a seaside town. The pair, believed to be aged 16 and 17 and from the Staffordshire area, were found dead by paramedics called to the flat in Torquay, Devon. Post mortem examinations will be carried out today to discover the exact cause of death.

## Suspect questioned

A man being questioned about an arson attack in which four children died collapsed in his cell at Southampton Central police station. He was taken to Southampton General Hospital, where he is under police guard. The hospital said he was suffering from head injuries and his condition was satisfactory.

## Worse than pointless

The Stanford Arms pub soccer team has been relegated from division one of the Lowestoft Sunday League in Suffolk with minus two points. Their solitary point from one draw in 18 games was wiped out when they lost three points after calling a match off because they could not field a full team.

## Hattersley rejects title as MPs' top earner

CHRIS BLACKHURST and JOHN RENTOUL

Roy Hattersley emerges as Parliament's highest declared outside earner, according to the new register of MPs interests published yesterday.

The operative word, though, is "declared". While Mr Hattersley, the former Labour deputy leader and MP for Birmingham Sparkbrook, picks up a maximum of £110,000 from two newspaper writing contracts - *The Guardian* pays him £25,001-£30,000 and the *Mail on Sunday* £75,001-£80,000 - he is not, by a mile, Westminster's "fat cat".

That distinction belongs to one of several Conservative MPs, who, while holding numerous external consultancies and directorships, have refused to reveal how much they are paid.

Under the new, post-Nolan rules, they should declare how much they earn from contracts awarded to them for providing services in their capacity as MPs. This has allowed former ministers to maintain they have been hired because they are former ministers, not current MPs.

It is difficult, looking at the posts held by the likes of Norman Lamont, David Mellor, Douglas Hurd and Tristan Garel-Jones that they do not all earn more than Mr Hattersley.

Similarly, some Tory MPs have persuaded Sir Gordon Downey, the new policeman for parliamentary standards, that their outside posts have nothing

to do with their day jobs as MPs.

Mr Mellor, the former Secretary of State for National Heritage, provides the most robust defence of his non-declaration in his entry: "It is not now, and never has been a contractual duty, implied or otherwise, that my services are provided in my capacity as an MP. The existence of these contracts is not dependent in any way upon my being an MP nor does the duration of these contracts bear any relationship to any parliamentary timetable."

He declares the fact of his consultancies with 10 companies, but not the amounts received. The companies include: British Aerospace, Short Brothers, property developers Chelsfield, chartered accountants Ernst & Young, shipbuilders Vosper Thornycroft and RACAL Tacticon.

Mr Hattersley's reaction to his top slot, yesterday, was a mixture of resignation and anger. He played by the rules and has suffered accordingly, he said. He took advice from Sir Gordon and while he believed his newspaper deals were unrelated to his position as an MP, he accepted the ruling that they were.

The fact, said Mr Hattersley, is he is leaving Parliament at the next election to concentrate on writing and his existing newspaper deals will continue unaffected, did not wash with Sir Gordon. "I have contracts which all extend beyond the time Parliament is dissolved

## The top 10 MPs in the Commons' league of outside declared earnings



and the moment I shall retire as an MP" he said - therefore, he argued, they could not relate to his being an MP.

Sir Gordon disagreed and Mr Hattersley has come top. "Nobody will believe I'm the highest earner in the House of Commons," he said. "The system is breaking down already. The only way it can overcome if members are going to cheat is to pass a resolution that all earnings be declared."

Labour were not the only MPs to snipe over the new register. Tory MPs also drew attention yesterday to several large donations from trade unions for the offices of Labour shadow ministers, and to the ending of trade union sponsor-

ship deals, which they said concealed continuing funding of local Labour parties.

"We are now being denied information we had before," said David Shaw, Tory MP for Dover. "There is a lot more detail and a lot less light."

They focused their fire on the funding arrangements for the offices of Tony Blair, John Prescott and other members of Labour's front bench team. Mr Blair's new entry brings together a number of declarations which have dribbled out in little-publicised supplements to the old register which are placed in the House of Commons Library. The Labour leader declares a Fender Stratocaster electric guitar, a gift

from the British Phonographic Industry. All gifts worth more than £125 have to be disclosed.

More significantly, he has rearranged the system by which his office is funded. Earlier this year the Labour leader's office fund was set up. This is a "blind trust", where Mr Blair and his office do not know the identity of contributors so that they cannot be influenced by them. The trustees of the fund are Lord (Merlyn) Rees, a former Home Secretary, Baroness (Brenda) Dean, the former print union leader, and Baroness (Margaret) Jay, a Labour health spokeswoman in the House of Lords.

This replaces funding through a body called the In-

dustrial Research Trust, headed by Lord Haskel, a Northern industrialist, which continues to fund their frontbench offices, a spokeswoman said.

"As with most other Labour MPs, the Labour leader declares that a trade union, in his case the Transport and General Workers Union, contributed more than 25 per cent of his election expenses at the 1992 general election."

But these declarations will cease after the next election, because the 1933 Hastings Agreement, under which unions sponsor individual Labour MPs, was ended three months ago. Instead, unions will reach agreements with local Labour parties in which the MPs will

play no part. David Shaw, Tory MP for Dover, condemned this as "outrageous non-disclosure".

John Prescott, meanwhile, has set up his own trust, the John Prescott Campaign/Research Trust to finance his office as deputy leader of the Opposition. He declares a car on loan from Rover group and, belatedly, attendance at a seminar on the oil industry at the Gleneagles Hotel in Scotland in May 1994, sponsored by Conoco.

Tory MPs also intend to target Ian McCartney, a Labour employment spokesman, who declares £30,500 last year from three unions, Unison, the Communication Workers and the Fire Brigades Union.

## Oyston 'conspiracy' claim

Owen Oyston, the multi-millionaire businessman who is accused of rape, told a court yesterday that he was the victim of a long-running conspiracy by two government ministers.

Oyston, chairman of Blackpool Football Club, alleged that Lord Blaker - formerly the Blackpool South MP Peter Blaker - and the ex-sports minister Robert Atkins, MP for South Ribblesdale, had mounted the conspiracy against him and the North West Labour Party.

Oyston, 62, a life-long Labour supporter, told Liverpool Crown Court that he had 48 hours of tape recordings of conversations between Lord Blaker, Mr Atkins, Blackpool businessman William Harrison, a man named Michael Murrin and "a whole range of other

senior people in the Conservative Party". Oyston said he had failed to have a civil action against them heard because of a lawyer's mistake. He was now acting through the European Court of Human Rights.

Earlier, a detective told the court - where Oyston denies raping two teenage models - that at the start of an interview in February last year the tycoon claimed his arrest at Cloughton Hall, his home near Lancaster, was linked to the conspiracy. It was, Oyston said, only three weeks before his civil case against the politicians was due before the High Court.

He alleged that a "very nasty" campaign had been waged against him for 10 to 12 years. "I am sufficiently cynical in life after these vicious attacks over

the years by newspapers and individuals to think there is a connection," he told the officer.

On the eighth day of the rape trial, Oyston said that at one time he was being investigated by the Fraud Squad, the Inland Revenue, the Drugs Squad, the City's regulatory takeover body IMRO, international private investigators, the *Sunday Times* and other newspapers. He told defence counsel Anthony Scriven, QC, that he had been cleared of wrongdoing. In 1989, he won substantial damages, costs and an apology from the *Sunday Times*.

Oyston denies two charges of rape and a further charge of indecently assaulting one of the girls. The first girl claimed she was forced into sex, aged 18, after being driven to his se-

cluded mansion late at night. The second said she was forced to have oral sex in the back of a car, and then watched Oyston have sex on a bed with another girl before joining them and being raped at the age of 16.

Oyston, who divorced his wife Vicky in 1982 and remarried her six years later, said that in between, when he was chief executive of the Miss World group, he had "a lot of girlfriends". He claimed a long-standing sexual relationship with the first girl. "I have never raped anyone. If I had, I would be deeply ashamed. There is absolutely no need for that in life. If I want to have sex, it is not the hardest thing for a man in my position."

The trial was adjourned until tomorrow.

## Elderly test council care cuts in court

The right of thousands of elderly and disabled people to contest cuts in community care services was put to the test yesterday in an appeal court challenge against cuts imposed after councils ran out of funds, writes Patricia Wyn Davies.

A ruling in favour of the two cash-strapped councils involved in the appeal will give the green light to local authorities to reassess the needs for services throughout England and Wales. In the linked appeals a pensioner, Michael Barry, represented by Richard Gordon QC and the Royal Association for Disability and Rehabilitation (RADAR), represented by Cherie Booth QC, claim that Gloucestershire and Lancashire councils respectively broke the law

by withdrawing services even though needs of elderly and disabled people had not changed.

The court's decision, expected within a few weeks, is viewed by community care experts as the potential high-water mark of the impact of judicial review in the community care field.

Mr Barry's case was originally brought on behalf of 1,500 other disabled and elderly people who had home help services summarily withdrawn by Gloucestershire in September 1994. The other case concerns Annie Ingham, 88, whose 24-hour home care services were stopped despite an assessment that residential care was damaging her health. She has since died.

## Easing of beef ban still 'months away'

The European Commission believes it will be months before member states will agree to lift the ban on British beef, sources in Brussels said yesterday, writes Sarah Helm.

The Commission, which wants to ease the ban, will today attempt to gauge which states are ready to agree with it. The idea of lifting the ban on gelatine and tallow, two beef-related products, will be floated at the second day of a meeting in Brussels of the EU's Standing Veterinary Commission.

Germany is expected to reject the proposal and others may follow. However, if Germany is the only objector, the measure could be voted through. A vote would then be taken next week on easing the ban.

Member states remain extremely worried about Britain's failure to provide reassurance that eradication is being properly carried out. Britain "appeared incapable of organising an eradication programme", said one senior official.

Britain's partners insist there should be evidence of a programme producing a fall in BSE cases, meaning that an easing of the ban could be "several months down the line", according to one official.

A farmer who falsified forms to claim cattle he sold had come from BSE-free farms was fined £30,000 by a court. David Dunster, 62, of Dartington, south Devon, was also ordered to pay £8,500 costs at Plymouth Crown Court.

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## news

## Poignant video that says: speed does kill

CHRISTIAN WOLMAR  
Transport Correspondent

The assembled press was silent as the television screen went blank, and the minister, Steven Norris, was fighting back tears as he tried to speak. No one could disagree when he finally managed to blurt out that "this is the most powerful advertisement ever seen on British television".

The new advertisements, which are the latest instalment in a five-year campaign against speeding drivers, have broken new ground by showing home video footage of children who were later killed in road accidents near their homes. The images of happy children at home and on holiday, a couple of

## Attitude problem

People regard drinking and driving as a crime as serious as armed robbery, but consider urban speeding only slightly more serious than TV licence evasion, according to a Department of Transport survey yesterday. Speeding, generally, was seen as extremely serious by 52 per cent, but only 33 per cent thought doing 40mph in a 30mph limit was extremely serious, compared to 42 per cent who thought evading the TV licence was.

them even waving goodbye as if knowing their fate, are the backdrop to readings of poems about death by WH Auden, Christina Rossetti and Walter de la Mare. At the end, it is revealed that all the children were killed in road accidents. The result is incalculably more effective than the sleek advertisements with actors used in the past.

The videos of six children - Laura, just 6 weeks old, Tracy, aged 6, Adam, 7, Andrew, 11, William, 11, and Donna, 13 -

## Funeral Blues

Stop all the clocks, cut off the telephone,  
Prevent the dog from barking with a juicy bone,  
Silence the pianos and with muffled drum  
Bring out the coffin, let the mourners come.

Let aeroplanes circle moaning overhead  
Scribbling on the sky the message He Is Dead,  
Put crepe bows round the white necks of the public doves,  
Let the traffic policemen wear black cotton gloves.

He was my North, my South, my East and West,  
My working week and my Sunday rest;  
My noon, my midnight, my talk, my song;  
I thought that love would last forever; I was wrong.

WH Auden

are all being used with the permission of the parents as part of a £1.7m campaign that will be running this month. It also includes a series of radio advertisements featuring the voices of relatives of the children. The parents were traced by the advertising agency, Abbott Mead Vickers, through local council road safety officers, but have been promised anonymity.

Mr Norris, the roads minister, who asked that the families be left alone with their grief, said the youngsters had all been killed near their homes and all within 30mph speed limit zones. He stressed that the campaign was not aimed at "boy racers" who were unlikely to change their habits, but at "Mr and Mrs average responsible citizen" who did not understand the dangers of speeding in urban areas.

He said that over 1,200 people - a third of the total road deaths toll, including 160 child pedestrians - were killed and over 100,000 people injured in 1995 in speed-related crashes.

RoadPeace, the national charity representing victims of road crashes, said that advertising campaigns do "little on their own to cut speeds". The organisation is calling for a 20mph limit in built-up areas, on-board speed limiters on new vehicles and tougher speed enforcement.

Mr Norris said that while over 200 20mph zones had been established in the past five years, a blanket introduction in urban areas would be counter-productive because it would be widely ignored on roads where "it seemed inappropriate".

Edmund King, head of campaigns at the RAC, welcomed the campaign and said: "Physical traffic-calming has grown with the spread of cameras and road humps, but what we really need is mental traffic-calming in the minds of a minority of drivers."



Speed kills: One of the posters that safety campaigners hope will help to raise awareness of the dangers of driving too fast. Photograph: Edward Sykes

Below: Three of the children who are featured in the campaign - (left to right) Andrew, aged 11, six-week-old baby Laura, and Adam, aged seven



## 'McLibel' trial loses taste for dramatic on day 245

NICHOLAS SCHOON

They have been at it for 245 days - and it shows. The judge in Britain's longest civil court case, the McLibel trial, struggles to keep his exasperation at bay with kindly smiles.

But Richard Rampton QC, counsel for McDonald's, is smiling in his testy interventions. Within seconds of David Morris, one of the defendants, beginning his halting, "um"-laced cross-examination of the hamburger giant's top man in Britain yesterday, Mr Rampton rose. "He's already playing to the gallery," he complained.

The "McLibel two", Mr Morris and Helen Steel, had urged the press to attend the High Court in London yesterday to hear their resumed cross-examination of Paul Preston, president and chief executive of the corporation's 674 UK restaurants. He was last on the stand almost two years ago.

But if day 245 was meant to be a courtroom drama, then it was a had one - overwritten, lacking pace, and hard to pick up the plot (unless some malign twist of fate had compelled you to spend the previous 244 days in court).

"No, just pause there, this is going to be hopeless," inter-



Patient pair: McLibel duo David Morris and Helen Steel

jected Mr Justice Bell. It was the first of several such interjections.

Next month will see the second anniversary of the case. More than 500 thick, bound files now line the walls of Court 35 laden with transcripts.

McDonald's claims Mr Morris, a 42-year-old single parent, and Ms Steel, aged 30, were leading lights in the publication and distribution of a leaflet which said eating McDonald's food could cause bowel and breast cancer and heart disease.

The leaflet also alleged staff at the chain were exploited, ill-paid and would be dismissed if

they tried to join a trade union, and that the production of McDonald's food caused hunger in the Third World and the destruction of rainforests. At the top of the leaflet were the words: "McCancer, McDisease, McHunger and McDeath."

The defendants, both unemployed and reliant on state benefits, deny publishing the leaflet but argue that its contents are true. They have counter-claimed against McDonald's, claiming that a "McFact" sheet about their action libelled them.

With no legal aid they are defending themselves. A global

support network has sprung up with a "McSpotlight" site on the Internet boasting 1,800 files covering the case.

For the McLibel two the longer the case goes on the better. Some of the 180 witnesses have given evidence that paints McDonald's in a grim light and it makes them look like David's fighting a corporate Goliath.

For McDonald's, the only prize is for the judge to find against the defendants and decide the allegations were untrue when the case eventually ends, perhaps later this year. It will have cost the chain several million pounds and there is no prospect of recovering any worthwhile damages.

Yesterday, the defendants pointed to what they said were conflicts between witness statements and "McFacts" published by McDonald's, and asked the UK president to admit the latter were lies.

But Mr Preston, an American who helped run Britain's first McDonald's 21 years ago, steadfastly said: "I don't lie, there's no future in that," he said. He did admit one mistake - claims from McDonald's that it had written to the defendants asking them to desist before issuing writs in 1990. "I'm sorry for that," he said.

## Parents take girl, 12, off catwalk

REBECCA FOWLER

The parents of a 12-year-old girl have put her modelling career on hold following the outcry over her sophisticated appearance in a fashion shoot in which she wore adult clothes.

Rachel Kirby, from north London, was signed up by the Select Model Agency last month after she was spotted shopping with a friend. By her 13th birthday she was expected to be earning £500 a day.

But the decision to employ Rachel has prompted concern over the increasingly young age that models begin their careers, and the example they set for women and young girls,

many of whom are obsessed by their weight. A recent survey revealed that half of 11- and 12-year-old girls believed they were overweight.

The Select agency, which has 70 schoolgirls on its books, denied yesterday it was exploiting Rachel. It said that with the backing of her parents, James Kirby, a chartered engineer studying law, and his wife, Gaye, a charity worker, it had put her career on hold to protect her from "press interest".

Although Rachel is only 12, she is 5ft 10in, and appears much older in photographs taken for *1D* magazine. She is heavily made-up and posing in the style of adult models, but she

has the skinniness of a child known as the waif look.

Dr Dee Dawson, who runs the Rhodes Farm Clinic in London for anorexic children, said: "There are two problems here. One for the girl who will be absolutely terrified by the changes happening to her body, because she will no longer be placed in the 'superwaif' category."

"Secondly there is the problem for the 16- and 17-year-old girls who see these pictures in magazines, and will aspire to a figure which is completely impossible."

Other agencies said yesterday they would resist employing such young girls in the first place. Although most will take

on 14-year-olds part-time, they would be reluctant to expose them to the spotlight until they were at least 16.

Jose Fonseca, director of Models One which represents Yasmin Le Bon, Twiggy and Jerry Hall, said: "You are playing around with their childhood, it's just too young and they need their time to grow up and for their bodies to change shape."

She added: "The older models have actually become much more popular because women are fed up of buying clothes and make-up that is modelled by a 16-year-old. A lot of the American designers, including Donna Karan, are using the older ones because women want to see real women."

## Highland rail plan gets the go-ahead

By STEPHEN GOODWIN

The controversial plan to build a funicular railway on Cairn Gorm, one of Britain's highest mountains, moved closer to reality yesterday when Scottish Natural Heritage grudgingly withdrew its objection to the £17m project.

SNH chairman Magnus Magnusson and his board met for more than three hours to discuss a management plan, proposed by the Cairngorm Chairlift Company, to protect environmentally sensitive high mountain plateau.

Though the railway will provide more jobs, it will dismay conservation groups.

The RSPB, who own land on the plateau vital for rare birds such as the dotterel and snow hunting, are likely to pursue their opposition to the railway through the European Commission. The area is subject to the EU's most stringent rules for environment protection.

SNH also said it remained "highly sceptical" about the project. It added: "While the development may be made tolerable, we remain highly sceptical that it is desirable or is the best development option for tourism in this area."

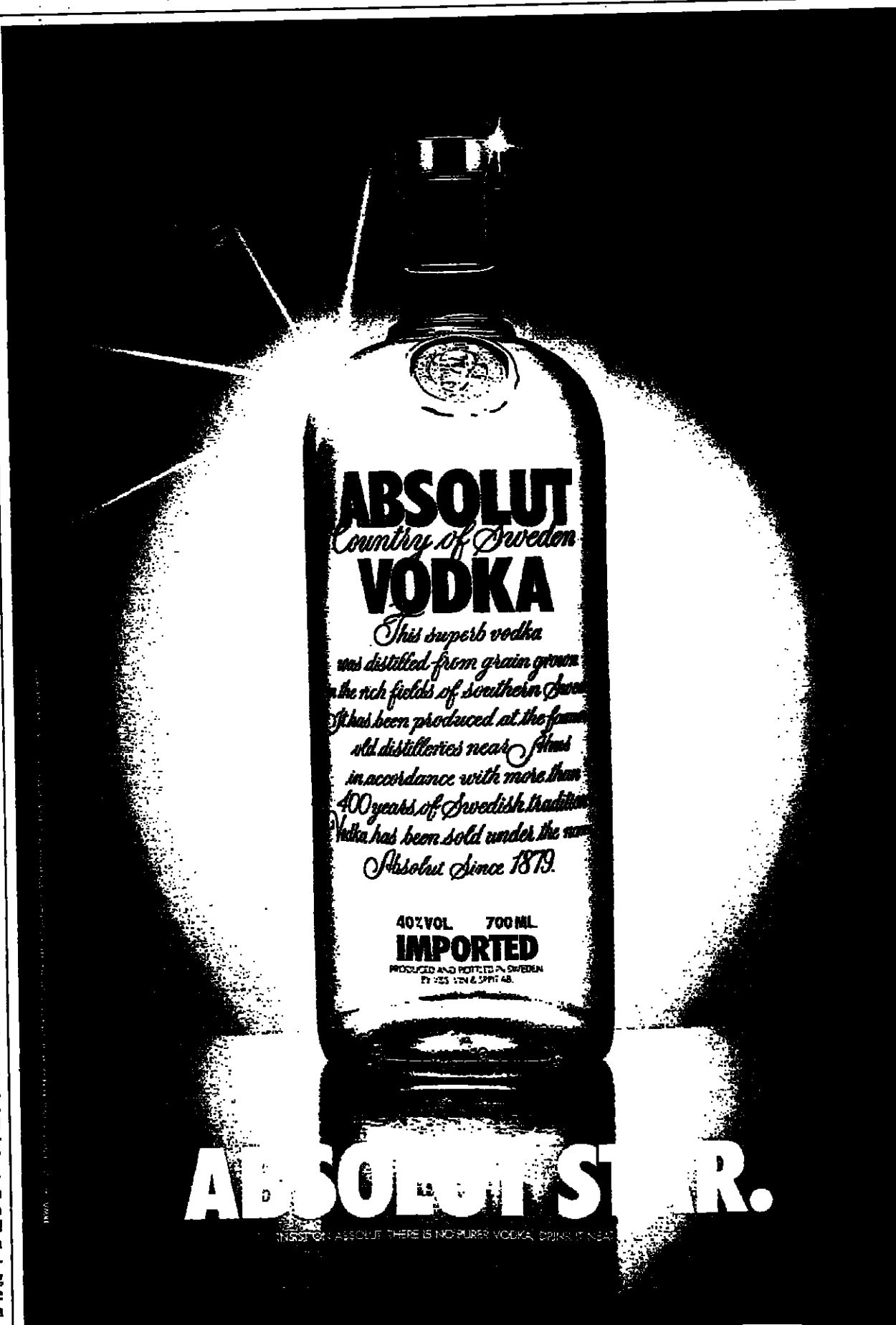
"Our experience of this case confirms our view that there is an urgent need for a more strategic and consensus-building approach to planning."

But despite the cautiously-worded decision, there was a huge sigh of relief from the company, who said the £17 million project and the 360 jobs it will bring, was essential to the survival of Britain's biggest ski resort.

They can begin putting together the financial package, which involves crucial European funding, to make the project a reality, with construction expected to start in the spring of 1997.

Chairman Hamish Swan said: "We are pleased that re-development of the ski area will now proceed without a costly and lengthy public inquiry."

The 2km funicular is planned to carry about 1200 skiers an hour. It will scale the slopes in just five minutes, mostly along a viaduct built on 93 concrete pillars.





# Life for a loner who killed school friends

LOUISE JURY

A former army cadet instructor was given a life sentence yesterday for the murders of two schoolboy friends, Paul Barker and Robbie Gee, on a fishing trip.

Mr Justice Ognall warned the man, Steven Heaney, that there must be a "profound anxiety as to the continuing risk you present" if releasing him was ever considered.

Afterwards police revealed Heaney is to be questioned in connection with at least one other crime - a sexual assault on two schoolboys at a fishing pond in Lytham St Anne's, Lancashire, in 1990.

Heaney, 37, a loner who lived with his parents in Eastham, Merseyside, had initially denied murder when Paul, 13, was found stabbed to death and 12-year-old Robert, known as Robbie, strangled and stabbed.

But he admitted the killings when trial began at Liverpool Crown Court yesterday, more than nine months after the boys' bodies were discovered by a pond near the M53 motorway in Eastham.

Mr Justice Ognall told him: "You put a brutal end to two innocent young lives. The medical reports indicate that you are fully responsible for what you did."

Richard Henriques QC, prosecuting, said in the days



Paul Barker, 13 (left), and his friend Robbie Gee, 12, both murdered by Paul Heaney (right) while on a fishing trip

"You put a brutal end to two innocent young lives. The medical reports indicate that you are fully responsible for what you did"

Mr Justice Ognall to Heaney

running up to the murders Heaney had engaged in befriending children near his home, in at least one case using a water-testing device which was probably a sham.

He approached two 13-year-old boys and told them about nearby badgers and owls and arranged to meet them the next day. They took a 12-year-old girl with them who Heaney attempted to grab. Both the boys declined his offer to go with him in his car.

Then on the day of 29 July, he met Paul Barker and Robbie Gee and directed them to meet him at one of the ponds.

He separated the boys, who had been friends since infants school, by suggesting to Paul he went to look at another pond.

"At that pond, it is beyond question that the defendant strangled Paul Barker with a wire ligature that several times encircled his neck and was pulled tight from behind," Mr Henriques said. Paul was also hit several times around the head with a mallet, suffering a fractured skull, and was stabbed nine times with considerable force.

Mr Henriques said Heaney must then have returned to the other pond where he strangled Robbie, an only child, with his

hands and stabbed him 10 times in the chest.

Both boys had their trousers pulled down, their shirts pulled up and baseball caps over their eyes when they were found during a police search the next day. Heaney had gone for a drink at his local pub after carrying out the killings.

David Steer QC said Heaney, a factory worker, regretted his actions and felt contempt for himself.

The defendant had a hitherto unblemished character, and the court heard he had a record of running a "good detachment" with the army cadets for several years where the children had responded to him.

Mr Steer added: "These were, of course, dreadful deeds for which the sentences are fixed by law. We fear that anything we have to say will pale into insignificance."

Neither the Gee nor the Barker family felt able to attend court yesterday, but will be sent transcripts of the 30-minute hearing. Detective Constable Paul Tomlinson, one of the police liaison officers who looked after them, said: "Their lives have been devastated by what happened."

A Ministry of Defence spokeswoman said they had no record of any suggestions of wrongdoing on Heaney's army cadet force records.

## Bequest of potter who got school's goat



A vase given by the renowned potter Hans Coper to a Somerset school in 1972 up for sale at Sotheby's yesterday. The 2ft 6in-vase, which Coper made in exchange for a goat, failed to raise its £20,000 reserve. Photograph: Edward Sykes

# Boy, 9, abducted and killed to satisfy 'perverted sex fantasy'

MICHAEL STREETER

Two men abducted, sexually assaulted and killed nine-year-old Daniel Handley to satisfy a "perverted" sexual fantasy, a court was told yesterday.

In a "hit and run" attack, the men snatched Daniel, from a London street, videoed themselves having sex with him and then strangled the schoolboy before burying his body in a wood, the Old Bailey heard.

John Bevan, for the prosecution, told the jury: "If this sounds like a description of acts callously inhumane and depraved almost beyond belief, that is exactly what this case is about. You will hear evidence about as depressing an example of the dark side of human nature, man's inhumanity to man and downright wickedness as you could imagine."

Brett Tyler, 30, admits false imprisonment and buggery, but denies murdering Daniel on 2 October 1994. His former lover, Timothy Morris, 33, has admitted murder. The court heard that Daniel's last words

"You will hear evidence about as depressing an example of the dark side of human nature, man's inhumanity to man and downright wickedness as you could imagine"

John Bevan, for the prosecution

to the self-confessed homosexuals were, "Are you going to kill me?" Seconds later, he was strangled with a length of knotted rope as he fell asleep.

Mr Bevan said Daniel - an "ordinary, harmless" schoolboy - was singled out by the men because of his looks. "If he had not been blond, presumably he would be alive today."

On the day he was abducted, Daniel had been playing with friends on his BMX bike and was told by his mother to return to their Beckton home, in east London, by 6pm. At the same time, Tyler and Morris - who started a homosexual affair after meeting in prison - were out "cruising" in London's East End, said Mr Bevan. "Morris had a fantasy in which he wanted to abduct, bugger and kill a

boy," Mr Bevan told jurors. "Presumably, they saw the East End, where neither they nor their car was known, as an 'ideal hunting ground' for young boys aged between 8 and 13."

Under the pretext of looking for directions, the pair pushed Daniel into Morris's Peugeot estate car and drove the boy to a flat in Camberwell, south east London, where both of them filmed and buggered him.

Daniel was then driven along the M4, strangled in a lay-by close to junction 14 and buried in a shallow grave in woods adjoining Bradley Stoke, near Bristol. Two weeks later, the men buried the body deeper, claimed Mr Bevan. The boy's grave was near a house which Morris shared with another gay lover, David Guttridge, 60. He

had no knowledge of the incident at the time, but faces sentencing for attempting to pervert the course of justice.

Despite a massive police hunt, Daniel's body was not discovered for six months. After the murder, Tyler fled to the Philippines to "indulge" his preference for young boys, said Mr Bevan. Morris later joined him, his flight paid for by Guttridge, but the pair came to blows and Morris returned to Britain where he was arrested.

Officers brought Tyler back from the Philippines and he was later charged. Tyler admitted abducting, bugging and videoing Daniel. During the car journey, he alleged Morris told him: "You know what we have got to do, we have got to do it." Tyler said Morris urged him to "pull harder and harder" as they strangled Daniel.

At a later interview, Tyler said he told Morris he could not go through with the killing and stood outside the car while the boy was killed. Mr Bevan said this claim was "fanciful". The case continues.

## Safety alert over holiday hire cars

GLENDA COOPER

Finding a safe hired car abroad can have "worse odds than Russian roulette", consumers were warned yesterday.

British holidaymakers could find themselves driving away with a vehicle with dodgy tyres, sloppy servicing, faulty headlights or missing indicators, according to a survey carried out for *Holiday Which?* magazine.

Of 57 cars inspected in Corfu and Spain last autumn, 17 were condemned as dangerous. The inspectors estimated that the chances of hiring a car that a customer would be hap-

py with were less than 50-50.

Only five of the 57 cars passed the inspections with no faults, while another 15 passed muster but with minor, non-safety related problems. One in three cars were either badly serviced or not adequately checked between hirers.

Dangerous tyres were the most common problem, with 16 out of 57 cars falling into this category. The risk of a blow-out is much greater in a tyre with a bulge in the side wall or a cut through the fabric. And road-handling is seriously affected by tyres that are bald or with tread less than 1.6mm

deep, especially in the wet or with dust and sand on the road surface.

Among other cars tested, they found headlights and brake lights not working, seriously irregular tyre pressures and a car that overheated only 5 kilometres from the hire shop.

One of the worst examples was a Fiat Panda hired in Corfu town which had sharp edges sticking out of a bashed-in wing, an indicator missing, and a bent wheel [indicating possible steering damage]. "A bald, cut and over-inflated tyre, a faulty headlight and dodgy spare tyre made this car even more of a

deathtrap," the inspectors commented.

The magazine advises holidaymakers to choose a company with a British base and to look at their hire car very carefully, particularly the tyres before driving away.

"We are very worried that serious faults are not being repaired - or even spotted," said Patricia Yates, editor of *Holiday Which?*

"People's lives are being put at risk. We have asked hire companies to take these unfit cars off the road, and take more responsibility for the safety of their customers."

## Lonely lottery millionaire

Lottery winner Karl Crompton became Britain's most eligible bachelor yesterday but admitted "money can't buy me love".

For £10.9-million winner Karl is too shy to ask the girl of his dreams out. Karl, 23, has admired her from afar but she only has eyes for her boyfriend.

The girl who holds the key to his heart does not know who he is - and Karl would not reveal her name as he picked up his National Lottery cheque. Asked if he would ask her out now he was a millionaire, he said: "No, ... I don't think her boyfriend would be very pleased."



Loveless: Karl Crompton has £10.9m - but no girlfriend

## DAILY POEM

Throwing Roses

By Jeremy Reed

The statue's eyes turn green. It's my mistake supposing Japanese girls use chopsticks to make their eyes up as well as address a seaweed salad discriminately, and so often your words turn blue in talking of the sea, how a wave leans on green convexity to catch the sky in its reflection. Oriental girls are flowers which have learnt to pout. We use words which are metaphors on stalks, or roses thrown into a panther's mouth. Cloud building up, I think of small harbours contact-lensed into a distraught coastline; and it is squid the lipstick mouth savours in Osaka, gradually by fibres, spreading the knowledge deeper to the throat. The statue's eyes turn back to red as rain moves in, and somewhere miles from here, small prawns are darting out of crimson weed into a current circulating clear.

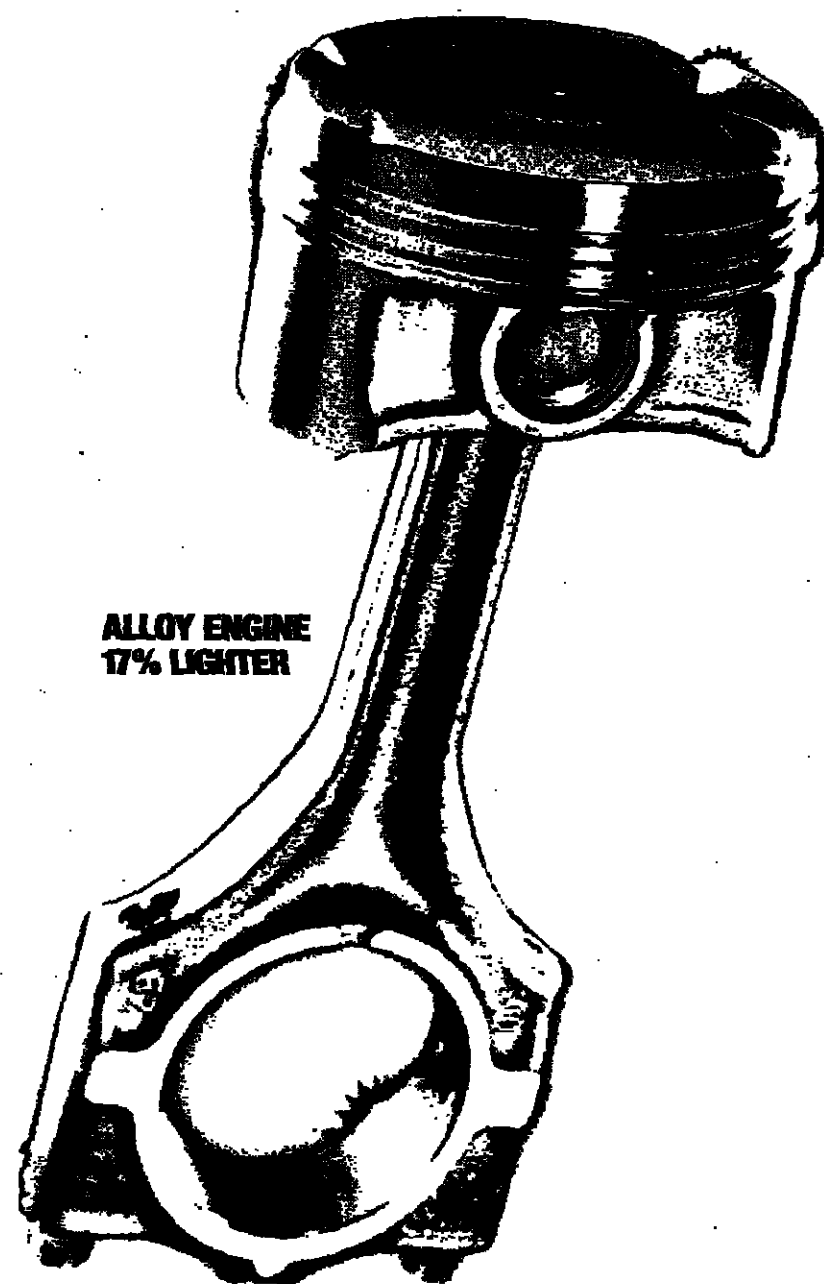
Jeremy Reed has been described as the lone inheritor of the British surrealist tradition which in the 1930s had an impact on poets such as David Gascoyne, Charles Madge, Lawrence Durrell and Herbert Read. His first collection *By the Fisheries*, which won the Somerset Maugham Award in 1985, was championed for its rich and subversive *fin-de-siècle* imagery. The handling of fashionable themes such as AIDS, drugs and rock and roll have been less successful. This poem, almost a blueprint of the surrealist's art, is taken from his latest collection *Sweet Sister Lyric* published by Enitharmon at £7.95.

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## news

# Bill to outlaw jailing of 22,500 defaulters

HEATHER MILLS  
Home Affairs Correspondent

A bid to end the centuries-old practice of jailing petty fine defaulters – up to 500 a day – is to be launched by MPs later this month.

Concern that magistrates' courts are sending thousands of people to prison – often illegally – for small debts and non-payment of fines has prompted the drawing up of a Bill designed to cut the use of custody, except in the most extreme circumstances. Drawn up by probation officers, they estimate that the measures will reduce the 22,500 defaulters and debtors jailed every year by about 80 per cent and will save the taxpayer up to £20m per annum.

It will be introduced by Alex Carlisle of the Liberal Democrats later this month, but has cross-party support.

The fact that magistrates were often illegally exceeding

their powers to jail people for not paying poll tax and for television licences was first highlighted by the *Independent* 18 months ago, prompting a change in magistrates' guidelines. In one case, four children had to be taken into care after their mother was jailed for 28 days for a poll tax debt.

In the last 12 months the High Court has ordered the freeing of over 100 people wrongly jailed by magistrates.

In February this year, concerned by the record rise in the prison population and adverse publicity about the imprisonment of people living in poverty for debt, the Home Secretary, Michael Howard, announced a review of the powers under which they are jailed.

He was examining the use of electronic tags to enforce house arrest, community service or supervised payments as alternatives to custody. Mr Howard said he shared concerns that too

many defaulters were placing an unwelcome burden on hard-pressed jails – and that once defaulters are imprisoned the fine is wiped out.

But yesterday Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said: "The Home Secretary's initiative announced last February apparently is not yet off the ground."

"The use of debtors' jail is an unnecessary and brutal use of resources. The cost of jailing one defendant can be prohibitive and could include prison service costs of £500, prosecution warrant and administrative costs of £800 and a further £700 if children were placed in care. At a minimum, therefore, it is costing at least £22m per year to incarcerate defaulters." Napo has detailed 18 defaulters' cases, involving "hardship, debt, misery and wrongful imprisonment".

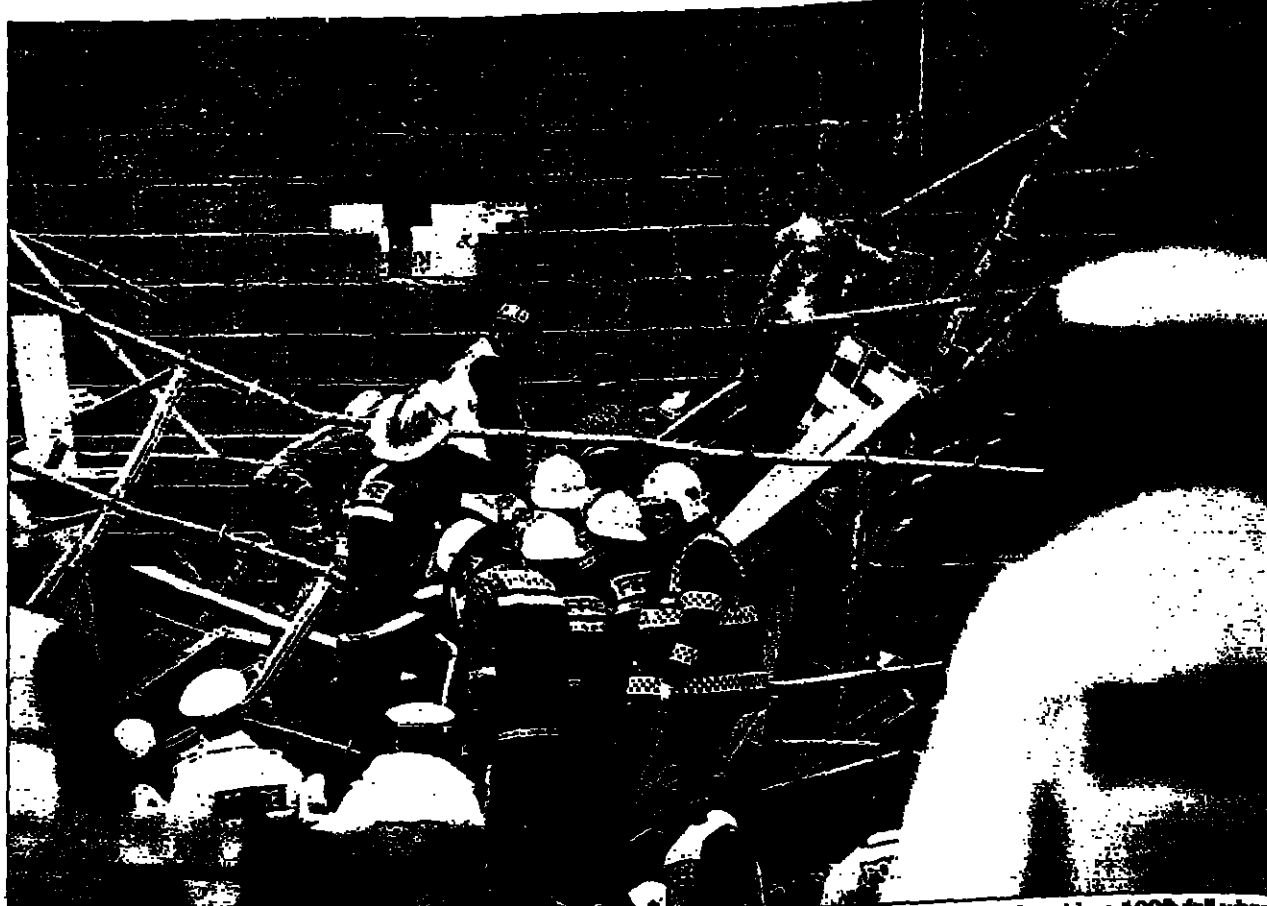
They include the case of a 42-year-old woman with a history

of psychiatric illness, who fell behind with her £1,300 fines for motoring offences. She was sentenced to jail in her absence and arrested on the psychiatric ward of a local hospital.

A second was a single mother of two young children, suffering cervical cancer, who was fined for shoplifting nappies. She was jailed for seven days when she could not pay the fine.

Another was a 20-year-old unemployed man who was fined £150 for underpaying £1.20 of his bus fare. He was jailed when he could not pay the fine.

The Bill, if enacted, would outlaw the use of jail for fine default if the original offence did not merit a sentence of imprisonment and would ensure reports including details of income were provided to magistrates. It would also remove the legal test of "culpable neglect" to pay a debt – because it relies upon a subjective test of a person's ability to pay.



Rescuers helping victims and clearing debris after one workman was killed and three people were injured in a 100ft fall when scaffolding collapsed at an office development site yesterday. Around 130 people were working on Edinburgh's Exchange Plaza on the city's Lothian Road. The dead man was named as Thomas Dolan, 48, of Airdrie. Photograph: Crauford Ltd

## Man named in robbery and rape inquiry

JAMES CUSICK

A spree of armed robberies, rape, sexual assault and car thefts is believed to have been carried out by a man who has evaded manhunt by five English police forces, detectives said yesterday.

Police took the unusual step of naming and issuing a photograph of the man they want to question for the crimes – Rodney Michael Smith, who is regarded as "very dangerous".

Detective Inspector Richard Bell, of the Metropolitan Police, said his biggest fear was that Mr Smith's alleged armed violence could escalate into a serious confrontation with police.

The safety of the public, he said, was the motivation behind releasing details of the 30-year-old from Grays, in Essex, who also calls himself Luke Smith. A reward of £10,000 has been offered for information which leads to an arrest.

Police fear Mr Smith may also have a death wish having witnessed the suicide of a friend who shot himself after a domestic dispute last year.

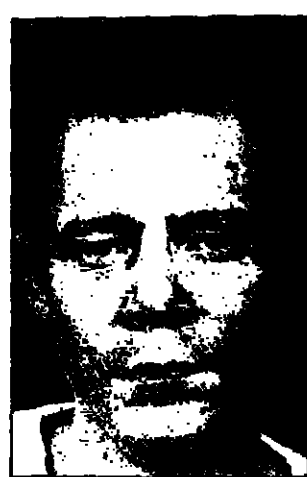
Locating Mr Smith, who is 5ft 10in tall and speaks with a London accent, has clearly been a problem for police in London, Thames Valley, Surrey, Sussex and Essex. Without any disguise, he has apparently been able to come in and out of London and openly to use stolen vehicles without police tracking him.

The alleged spree started on 4 April when a 32-year-old female croupier in a hotel in Mayfair, central London, was abducted at gunpoint, made to drive her own car to a bank cash dispenser and withdraw £200. She was then forced to go to a flat in east London, was raped and abandoned.

Two days later a Ford Granada was stolen in Hornchurch, Essex, by a man using the name Luke. On 15 April a man

tricked his way into the room of a 36-year-old woman in a central London hotel, forced her to strip at gunpoint and then stole jewellery and cash. As he ran out of the hotel he threatened security staff with the gun.

On 17 April in Ilford the female driver of a Toyota MR2 was threatened with a gun and had the car and some jewellery stolen. He is still thought to be driving the car, registration J478 NUE. The next day at a car park in Henley-on-Thames, Oxfordshire, a 59-year-old woman was threatened with a gun, punched



Rodney Smith: Police say he is 'very dangerous'

in the face and forced to hand over jewellery.

Five days later in Hertfordshire a man using the name Luke pulled a gun on a woman after responding to an advertisement offering a Cartier wristwatch for sale for £7,000. He took the watch and other jewellery and drove off in a dark blue sports car.

Police also want to question Mr Smith in relation to two other armed robberies on 14 and 16 April. He was last seen in Brighton on 1 May and is also known to have visited Manchester and the West Country.



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# Report blames poor reading on teacher training

JUDITH JUDD  
Education Editor

Trendy teaching methods are to blame for poor reading standards in inner-city schools, says a report from school inspectors published yesterday.

Gillian Shepherd, the Secretary of State for Education, said the report on the London boroughs of Islington, Southwark and Tower Hamlets showed that teachers were committed to teaching reading by methods that were clearly not working.

The announced plans for performance league tables for teacher training colleges and to give inspectors powers to carry out their own tests in poor schools.

Inspectors from the Office for Standards in Education and the three authorities tested six- and seven-year-olds and 10- and 11-year-olds in 45 schools, all with higher than average numbers of pupils from poor backgrounds. Around 80 per cent of seven-

year-olds and four out of ten 11-year-olds had reading ages below their chronological age. Teaching was weak in about a third of lessons.

Black African pupils performed best and disadvantaged white pupils worst.

In one in three schools the headteachers failed to ensure that reading was well taught. The report says: "The wide gulf in pupils' performance is... unacceptable. Some schools and pupils are doing well against the odds while others in similar circumstances are not."

Teacher training, inspectors say, is partly to blame. "On the evidence of what is happening in these three authorities, the message for the initial and in-service training of teachers is very clear: primary teachers must be taught to teach reading far more effectively."

Nigel de Gruchy, general secretary of the National Association of Schoolmasters Union of Women Teachers,

said: "All the blame is being placed on trendy teachers. Yet the report itself identifies other contributing factors. These include English not being the first language; high levels of social disadvantage; poor management; poor initial training; lack of in-service training."

The three Labour-controlled authorities have accused Chris Woodhead, the Chief Inspector of Schools, of alienating the report for political reasons.

Mr Woodhead said: "If it is political to want to do something towards raising educational standards in inner-city schools. Then so be it. I plead guilty."

Sir Claus Moser's education blueprint for Labour, page 15



Paper history: Famous wallpaper designs by William Morris at the Victoria and Albert Museum, west London, part of a major retrospective of the artist's work - to mark the centenary of his death - which runs until 1 September  
Photograph: Nicholas Turpin

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## Church moves to accept IVF

ANDREW BROWN  
Religious Affairs Correspondent

The Church of Scotland should soften its opposition to embryo experimentation, according to a report to its general assembly.

A study by the church's board for social responsibility reaffirms the church's opposition to surrogate motherhood. But it allows in vitro fertilisation between couples, and said a blanket ban cannot be maintained and that embryo experimentation should be accepted.

"The church, in allowing IVF within the marriage relationship while ruling out embryo research, was accepting the benefits of IVF while condemning the means used to achieve them," the report says.

All other forms of fertility treatment have been ruled out by the report, which also argues that married couples should have priority in the queue for infertility treatment over unmarried couples.

The report also argues that

gay couples, or single people, should not be offered treatment. "We do not deny the capacity of people of homosexual orientation or single parents to raise children with loving concern, but we believe it is important for children to have role models of both sexes."

This last clause has been given sudden topicality by the discovery of a two-year-old boy outside Glasgow who lives with two lesbians and regards two gay men living up the road as his fathers. One of them is his natural father by one of the women.

The Rev Bill Wallace, convenor of the board, said: "I think the thing's a bizarre absurdity. I feel extremely concerned about the child."

The Rev Richard Kirker, of the Lesbian and Gay Christian Movement, said: "I would feel much more concerned about the child if it had no parents or one parent. I can't see a clear reason for restricting the choice that some lesbian or gay people might wish to exercise."

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# politics

Care for the elderly: Insurance for long-term care safeguards middle England's inheritance

## Pension deal aims to protect assets

NICHOLAS TIMMINS  
Public Policy Editor

The Government yesterday moved to help "middle England" protect its inheritance from the costs of long-term care by proposing new "partnership" schemes which could let individuals keep £1.50 of their assets - including their homes - for every £1 of insurance cover they buy themselves.

Stephen Dorrell, the Secretary of State for Health, claimed the deal offered a new partnership between the state, elderly people and their families, while retaining a safety net.

But it was condemned by Harriet Harman, his Labour opposite number, as "a betrayal" of the generation which believed they would be offered care "from cradle to grave".

By contrast - and to the delight of the Conservatives who claimed Labour's front bench were at loggerheads - Chris Smith, Labour's social security spokesman, said he had no objection to the basic idea of insurance, but warned the majority of people would not be able to afford the premiums. In a separate speech yesterday, he declared that individuals had a responsibility to make provision for the times when they could not support themselves.

The package was given a warm welcome by private insurers such as Bupa who predicted that half a million people among the 10 million or so pensioners could take out cover during the next five years.

But while others, including the National Association of Pension Funds, supported the ideas as "useful", Paul Seymour, chairman of the Continuing Care Conference, an alliance of insurers and pressure

groups for the elderly, warned that at most 30 per cent of those retiring might benefit.

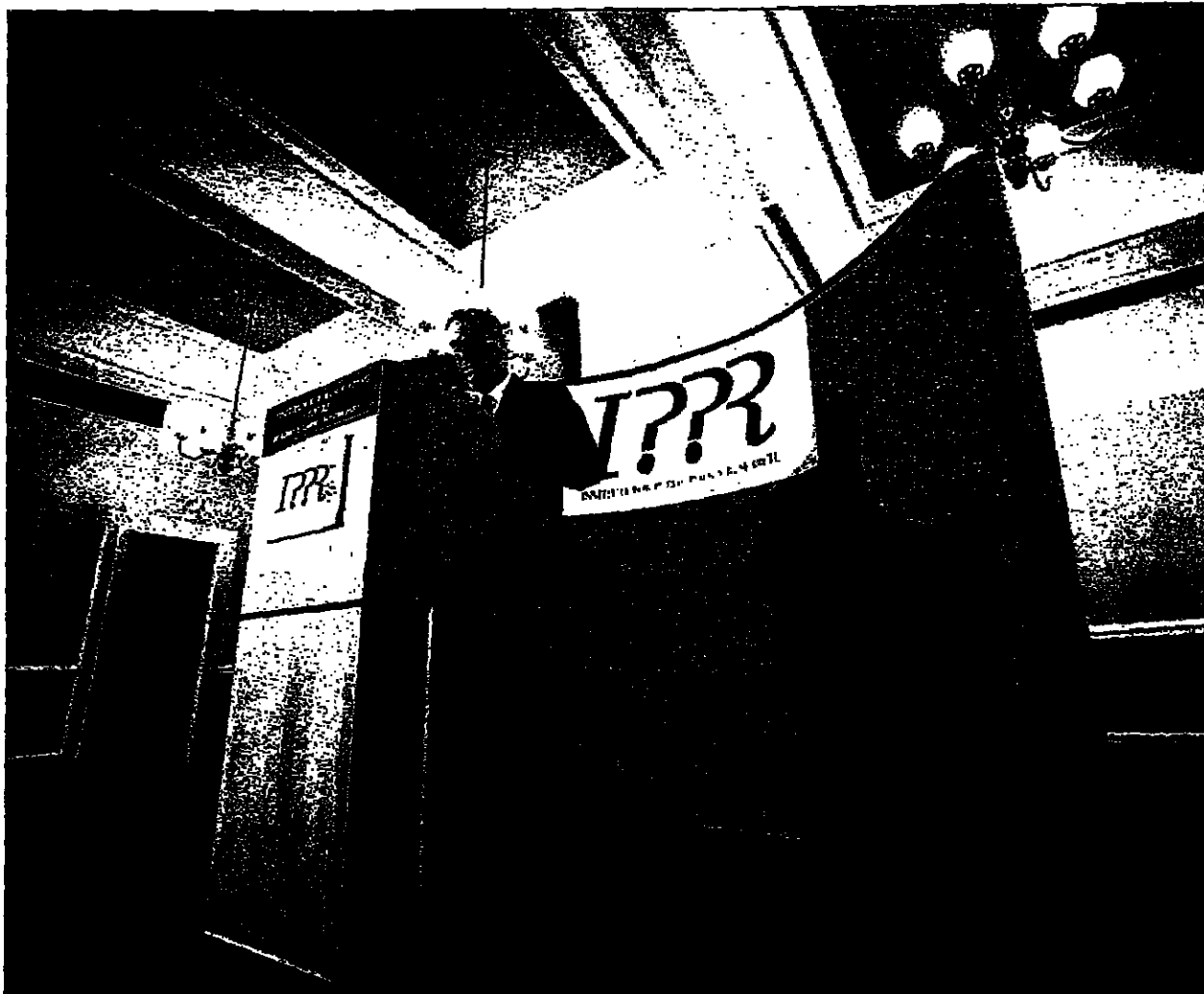
That figure, he said, "may well be on the high side" and depended on good equity release schemes being developed to allow people to use the capital in their homes to buy protection. Without that, the figure would be far lower, perhaps 10 to 15 per cent, he said. Those to gain would be in the middle, he said - rather than the less well-off who would be unable to afford the premiums, and those with assets above £150,000 who were reasonably well served by existing products.

Mr Dorrell's three-part package would allow individuals to add £1.50 for each £1 of insurance cover they buy to the existing £10,000 of assets they can keep when entering means-tested nursing or residential care. Someone buying £30,000 of protection - which might cost a one-off premium of £5,000 - would keep £45,000 plus the existing £10,000.

A second option - which would cost the taxpayer less - would be £1 for £1, but with £15,000 of capital protected on top.

Ministers will also consult on making it easier to buy an annuity covering all or part of the cost as people enter care homes, and on making pension payments more flexible. Individuals would then be able to trade a lower pension in the early years for a larger one later. Only around 10 per cent of pensioners have sufficient income to make the latter attractive, Peter Murray of the National Association of Pension Funds, said, although it could provide incentives for younger people to save for bigger pensions.

Leading article, page 14



Aiming for office: Chris Smith launching Labour social security plans at Westminster Photograph: Tony Buckingham

## Labour to cut benefit bill with 'welfare-to-work' packages

NICHOLAS TIMMINS

Plans to cut social security spending by replacing the State Earnings Related Pension Scheme (Serps) and launching a package of "welfare-to-work" measures were trailed yesterday by Chris Smith, Labour's social security spokesman.

A measure of Labour's success in government, he said, would be how far it cut social security spending, rather than raising it, by getting people off benefit and into work.

And while the state had to remain the guarantor and the regulator of social security provision, including pensions, it had to be only the administrator of some of these, he said.

Mr Smith's sharp departure

from traditional Labour approach of the 1970s and 1980s comes hot on the heels of the shadow Chancellor Gordon Brown's warning that Labour could scrap child benefit for children aged over 16 from well-off families.

Mr Brown's plan yesterday continued to provoke opposition within the Shadow Cabinet. Joan Lester, spokeswoman on overseas development, wrote to the shadow Chancellor to express her anger. Those close to her said a number of other senior Labour MPs were also raising objections.

New Labour's thinking on the benefits system was revealed in a lecture to the left-of-centre Institute of Public Policy Research. He said: "The welfare

state is after all a framework which the Government sets in order to enable citizens to achieve security; it is not a particular mechanism *per se* for delivering that security."

He said it was "absurd" for the left to regard how much it spent on social security as "a badge of virtue".

"It isn't a mark of progressive success if you are spending more and more on a benefit system. If that were the case, Peter Lilley, Secretary of State for Social Security, whose government had doubled the numbers dependent on state benefits, would be "in the pantheon of socialist heroes".

Rather it was "a mark of success if you can help people to have off benefit and into work

- it is progress if we can end up as a result spending less on social security". The test for Labour would be how well it spent the resources available.

He coupled that with a warning that individuals have "a responsibility to make provision in our own lives for those times when we can't earn and support ourselves". That implied private provision, with Mr Smith expected to propose that Serps be replaced by second pensions paid from investments rather than taxes.

Despite the message that Labour wants to cut welfare spending, Mr Smith pledged: "Labour won't ignore poverty in the way the present Government has done. We will want to put it high on our agenda."

## Commons resist moves to be cut down to size

House should be cut by for its 'health' Privatised post would be 'efficient'

With the predictability of turkeys refusing to vote for Christmas, member of the House of Commons yesterday shouted down a proposal to cut their numbers from the present 651 to 500.

Spencer Batiste, Tory MP for Elmstree, had wanted his reformist Representation of the People (Amendment) Bill put to a vote. But when deputy speaker Dame Janet Fookes, asked if Mr Batiste had leave to introduce the Bill, the shout of "No" was so overwhelming she judged a division to be pointless.

Mr Batiste acknowledged that, even after retirements, a reduction of nearly 30 per cent in the number of MPs would mean redundancies. But he said the change was "vital to the health of the mother of Parliaments".

"There is a need for constitutional reform. It should start here in the House of Commons."

There had been a slow but inexorable rise in the number of MPs from 620 in 1950 to the current 651, he explained. Boundary changes would add another eight members after the general election.

Yet the United States, with five times the UK's population, manages with 100 senators and 435 members of the House of Representatives. Japan, with twice the UK population, has 511 MPs while in Europe only Germany has more legislators - three more than the UK but with 23 million more people.

Mr Batiste said a reduction would be a signal of MPs' commitment to productivity and an example of how to achieve it. There would be a saving for the taxpayer, land could be sold instead of providing more office space, and there would be more opportunity for MPs to get into debates.

Last but not least: "Perhaps the electorate would be a little less cynical about MPs' pay if we accepted for ourselves the redundancies that elsewhere have underpinned non-inflationary pay increases."

Though most of the MPs present seemed to resent any

### Inside Parliament

Stephen Goodwin

idea of cuts, the member who spoke against the 10-minute rule Bill - only one MP is allowed to - did so on the grounds that it did not go far enough.

John Butcher, Conservative MP for Coventry SW, thought about 300 MPs was appropriate. The slimmed-down House would produce less "clutter and ephemerata" he said, but there was also an animal welfare argument.

"When free-roaming mammals are crowded together in artificial circumstances, it often produces some pretty unhealthy by-products. It is my judgement that this House is getting more and more fevered and therefore demands a culling programme." Mr Butcher announced some 18 months ago that he is retiring at the general election.

John Major had earlier made no attempt to deny reports that the Conservative manifesto for the election will include a pledge to privatise the Post Office.

Challenged by Tony Blair at Question Time, the Prime Minister said it was "astonishing" that the Labour leader appeared not to know that many rural post offices were already in private hands.

But he went on: "I can confirm that we are looking to make sure the Post Office gives customers the efficient and effective service they deserve."

A previous attempt to sell-off of the Post Office crumbled two years ago in the face of a vociferous minority of Conservatives with rural seats.

Mr Blair said the Conservatives' "obsession" with privatising public services was one reason, among many, for their humiliation last Thursday.

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**DAVID USBORNE**  
New York

With tensions running high in New York, Mr Boutros-Ghali was expected to tell the Security Council that his inquiry into the shelling of the camp, which left some 100 Lebanese civilians dead, still pointed in the direction of a deliberate act by Israel's defence forces. He was likely to concede, however, that proving the allegation definitively may never be possible.

The US Ambassador to the UN, Madeleine Albright, was preparing an attempt to forestall any discussion in the Security Council highlighting the suspicion that Israel knew what it was doing when it sent shells crashing into the UN camp that was the headquarters of a battalion of Fijian peace-keepers.

The US mission in New York is also sceptical that the evidence collected by the UN's

The role of the aircraft, also known as a drone, was revealed in a video tape taken by a peace-keeper on the ground that was obtained by the *Independent* earlier this week.

"The premise of the report is that the drone let the Israelis know that there were civilians in the camp at the time of the shelling," the US source said. "But it is not clear to us that it was in fact directly over the camp at the exact moment of the attack."

Even as late as yesterday morning, Mr Boutros-Ghali was sifting through both the conclusions of General Van Kappen and quantities of new material provided at the eleventh hour by the Israeli government. A final submission to the UN was delivered to its New York headquarters by General Dan Harel, who commands the artillery branch of the Israeli defence forces, late yesterday morning. On Monday, General Harel claimed in New York that shelling of the camp had been a mistake and "absolutely not deliberate".

A senior UN source insisted last night that it was impossible to prove Israel's culpability in the affair. However, even with the new material from General Harel, it was still hard to swallow that the Israeli forces could have blundered so badly. "It is difficult to believe. They say that their maps were bad. Well, come on."

Mr Boutros-Ghali had indicated to colleagues that he was determined to make the findings of his investigation public, regardless of appeals for caution from some governments.

notably the US. There was still some uncertainty, however, whether he would submit the final draft of his report in written form to the Security Council and the media.

Without a text on paper, the Security Council will be unable to take any formal action. But many diplomats were continuing to predict that whatever form the report takes, most Security Council members will prefer to restrict their response to a discussion, without seeking to take the affair any further, for fear of angering Israel and threatening the fragile ceasefire in southern Lebanon.

Silence on the part of the Council will not satisfy Arab governments. Egypt, the only Arab country with a seat on the Council, has already indicated that it would like the Council at

least to make some pronouncement on what happened and on Israel's role in it.

Lebanese officials in New York said they were awaiting receipt of the report - and sending it to their government in Beirut - before making any official pronouncement.

It was clear, none the less, that Lebanon hopes the evidence implicating Israel is sufficiently strong to allow the use of the report to press its request for monetary compensation.

Confirming reports that Hizbollah guerrillas had been running in and out of the Fijian camp at will to hide from Israeli fire, Sylvana Foa, the UN spokeswoman, came to the defence of the peace-keepers. "Hizbollah fighters do not wear uniforms and they do not wear signs saying who they are."



**Under pressure: Rabbis try to persuade Shimon Peres not to withdraw his troops from Hebron** Photograph: Reuter

## Mengistu officials 'shot 59 dead'

**Addis Ababa** — Fifty-nine officials of the late Emperor Haile Selassie's Ethiopian government were ordered up against a prison wall and murdered in a hail of gunfire, the Associated Press reported. "The officials were lined up against the stone wall. Vehicles parked nearby put their lights on. A whistle sounded twice and suddenly there was a volley of bullets," the witness said at a trial of 70 officials of the ousted government. "I was shot and passed out," the 57-year-old man said. The defendants are officials of President Mengistu Haile Mariam's government who are charged with committing genocide after deposing the emperor in 1974. *AP*

## US envoy to investigate Hutu massacre

**Bujumbura** — A senior US human rights envoy was due to arrive in Burundi yesterday and is expected to investigate reports of a massacre of 235 Hutu civilians by the *Tutsi-dominated* army late last month. Western diplomats said the visit by John Shattuck, assistant secretary of state for democracy, human rights and labour, *underlined* Washington's concern about the explosive situation in the country where rebels of the Hutu majority are waging a guerrilla war against the army. Reuter

## Fruitfly threat to NZ economy

**Wellington.** — A fruitfly outbreak in Auckland was a potential threat to New Zealand's economy which "we have to make sure we eradicate", the Finance Minister, Bill Birch, said yesterday.

*Reuter*

## Referendum imminent in Western Sahara

**United Nations** — The UN Secretary-General Boutros Boutros-Ghali is expected soon to recommend closing down voter registration for a long-delayed referendum on the future of Western Sahara while retaining some 240 UN military observers monitoring a ceasefire, Security Council sources said. The referendum had originally been set for January 1992 to decide whether the former Spanish colony should be incorporated into Morocco, which controls most of the territory, or become independent. *Reuter*

## Australian convicted under Filipino child sex law

**Olongapo** — An Australian businessman yesterday became the first foreigner to be convicted under a Philippine law designed to crack down on paedophiles. Victor Keith Fitzgerald (right), from Darwin, was sentenced to between eight and 17 years in jail after being convicted under the 1992 Special Protection of Children Act by a court in Olongapo, north of Manila.

*Reuters*



## Stone wall hints at ancient civilisation

**Anckland** — A stone wall found in the middle of an uninhabited forest has sparked theories of a 2,000-year-old civilisation in New Zealand and links to South America. The "Kaimanawa Stone Wall", featuring hand-cut five-ton blocks, stands in the Kaimanawa State Forest, in the centre of New Zealand's North Island. **AP**

## Nuclear waste 'gives Greenpeace the slip'

**Rennes** — The environmental group Greenpeace admitted on Tuesday that a cargo of nuclear waste bound for Germany had probably been spirited out of a French reprocessing plant under its nose. Greenpeace's Jean-Luc Thierry said the organisation was giving up its surveillance of the plant at La Hague in north-west France after a cat-and-mouse struggle, believing the highly radioactive cargo was already on its way to Germany. *Reuters*

## Spain to reorganise intelligence services

Madrid — The new conservative Prime Minister Jose Maria Aznar promised yesterday to reorganise Spain's intelligence services, plagued by scandals ranging from a "dirty war" on Basque rebels to the bugging of King Juan Carlos's telephone. *Reuter*

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## RUSSIA ESPIONAGE SAGA

## Western spies find no shortage of secrets

CHRISTOPHER BELLAMY  
London  
and PHIL REEVES  
Moscow

You could not have found a more graphic example of the reason the West still spies on Russia: a scientist had been arrested for allegedly smuggling more than two pounds of nuclear material out of the country - weapons-grade plutonium, that could be used to make a bomb. The man worked in the once secret Siberian city of Krasnoyarsk, and had - according to the Russian security services - invented a new way of making nuclear substances for military use.

Last night the report, published by Itar-Tass, was unconfirmed. If true, it will be the first time the Russians have admitted that weapons-grade fissile materials have been smuggled out of the country. It will also send a chill through every western security agency, for it is the scenario that they fear the most.

The story broke as both Moscow and London were yesterday keeping mum about the precise nature of Russia's spying accusations, but theories were coming as thick and fast as the traffic fumes that fill Moscow's streets. Britain and the West are as curious as ever about the contents of Russia's more secret closets.

After the collapse of the Soviet Union and the advent of "glasnost", western spying in Russia is believed to have increased, as agencies vied with one another to find out more about previously secret installations, people, and projects that they had been puzzling over for years. Much of that reservoir of information has been exhausted, but there are plenty of others. The Russians say the alleged British agent whom they are holding worked in a federal government office with access to "political and defence and strategic importance to British intelligence" - a vague term covering a multitude of sins.

Arms control treaties and spy satellites have made spying largely redundant for gathering straightforward military intelligence. East and West can and do conduct detailed inspections of each other's installations, and are punctilious in honouring the provisions of the treaties. The Russians - and their western counterparts - have all bent over backwards to show each other as much of their military hardware as possible and also to talk about military organisation and doctrine. It is therefore in the political and economic arena that cloak-and-dagger spying still has a role. With an election looming, for instance, the Foreign Office

will have an appetite for political information, including the political and financial consequences of a Communist victory. During the Cold War, the West devoted great attention to the Soviet economy - and assessing the resources it was pouring into the ability to wage a protracted war. The collapse of the Soviet economy has made that less crucial, although the exact strength of the Russian economy in certain areas remains of interest. One such area is that of revolutionary new technologies, where Russia, for all its economic problems, maintains islands of excellence. Deep-diving submarines like the modified Alfa class, beam

weapons, and extremely high and fast-flying aircraft are areas in which Russia still surprises western observers.

But the most sensitive area now is the fate of nuclear weapons and materials, and arms exports. In particular, it would be surprising if the CIA, MI6 and the Israelis were not taking a strong interest in Russia's relationship with Iran, to whom it has sold several billion dollars' worth of weapons systems and diesel-electric submarines in the last few years. They will be watching closely the nuclear power plant that the Iranians are building at Bushehr, 470 miles south of Tehran, using Russian-supplied reactors.

Nor did they deny their curiosity about an underground complex that the Russians have been building in the Ural mountains, under the gaze of western spy satellites. The project, hidden inside Yamantau mountain in the Beloretsk area, involved the creation of a huge complex, served by a railroad, a major road, and thousands of workers. Fears were raised that Russia was planning to manufacture chemical and biological weapons.

Following a period of unprecedented openness between East and West, there are many signs that Russia may, once again, be closing its doors. On 9 March a decree by President

Yeltsin demanded the "improvement of the system of State secrets". Mikhail Barsukov, the head of the FSB - the Russian security service, which formulated the accusations against the man accused of passing information to the British and his alleged controllers - said not enough things were classified as state secrets. In the past year, several British industrialists, academics and business people have been accused of espionage, while attempting to assess what help the Russians might need. "I was accused of being a Nato spy", said one man yesterday. "I told them that so far I had seen nothing worth spying on."

## Who's who in the world of I-spy

CHRISTOPHER BELLAMY  
Defence Correspondent

The work of the world's intelligence services is broadly similar but their areas of responsibility do not coincide.

The Russian Federal Security Service - *Federalnaya sluzhba bezopasnosti*, or FSB - still numbering an estimated 75,000 people - covers some of the areas of the British "Security Service" MI5, which is responsible for counter-intelligence and counter-terrorism, and the Secret Intelligence Service, SIS, which spies abroad and is often known by its historic title, MI6.

The Security Service, headed by Stephen Lander, who took over from Stella Rimington just after Easter is based at Thames House, on Millbank in London. SIS, headed by David Spedding, is based across the Thames, at Vauxhall Cross.

Each of the British services numbers about 2,000 people, although the numbers are misleading as they also use many agents and informers who are not full-time employees. However some of the operations undertaken by the British SIS also fall under the purview of Russian military intelligence - GRU, the Main Intelligence Directorate, which has not diminished since the demise of the Soviet Union.

Although the British intelligence services shared a common origin, they were soon split and developed a different ethos and even, in some cases, a mutual hostility. Whereas SIS maintained a certain glamour through its association with the Foreign Office, MI5's *modus operandi* is rather mundane. MI5 has no executive authority: if they catch anyone spying they report it to Special Branch.

Both services were founded in March 1909 as the Secret Service Bureau under the leader-

ship of Captain Vernon Kell and Captain Mansfield Cumming (known as "C" - the origin of Ian Fleming's "M" in the James Bond spy-thrillers). In October 1909 functions were divided. Kell took responsibility for counter-espionage within the British Isles and "C" for gathering intelligence overseas.

The Russian security service is the heir of the Soviet "Committee for State Security" -



No Stalin: Wiping lipstick from Boris Yeltsin's face

the KGB. At its height in the mid-1980s the KGB ran a network of some 400,000 agents in Russia and an army of 200,000 elite troops. However, the First Chief Directorate (Foreign Intelligence) - the equivalent of SIS - numbered just 12,000. Immediately after the break-up of the Soviet Union at the end of 1991 the service was split up. The covert elements of the service were split into intelligence and counter-intelligence, mirroring its British counterpart. In March 1995 it was re-united under Colonel General - now Army General - Mikhail Barsukov, a Yeltsin ally.

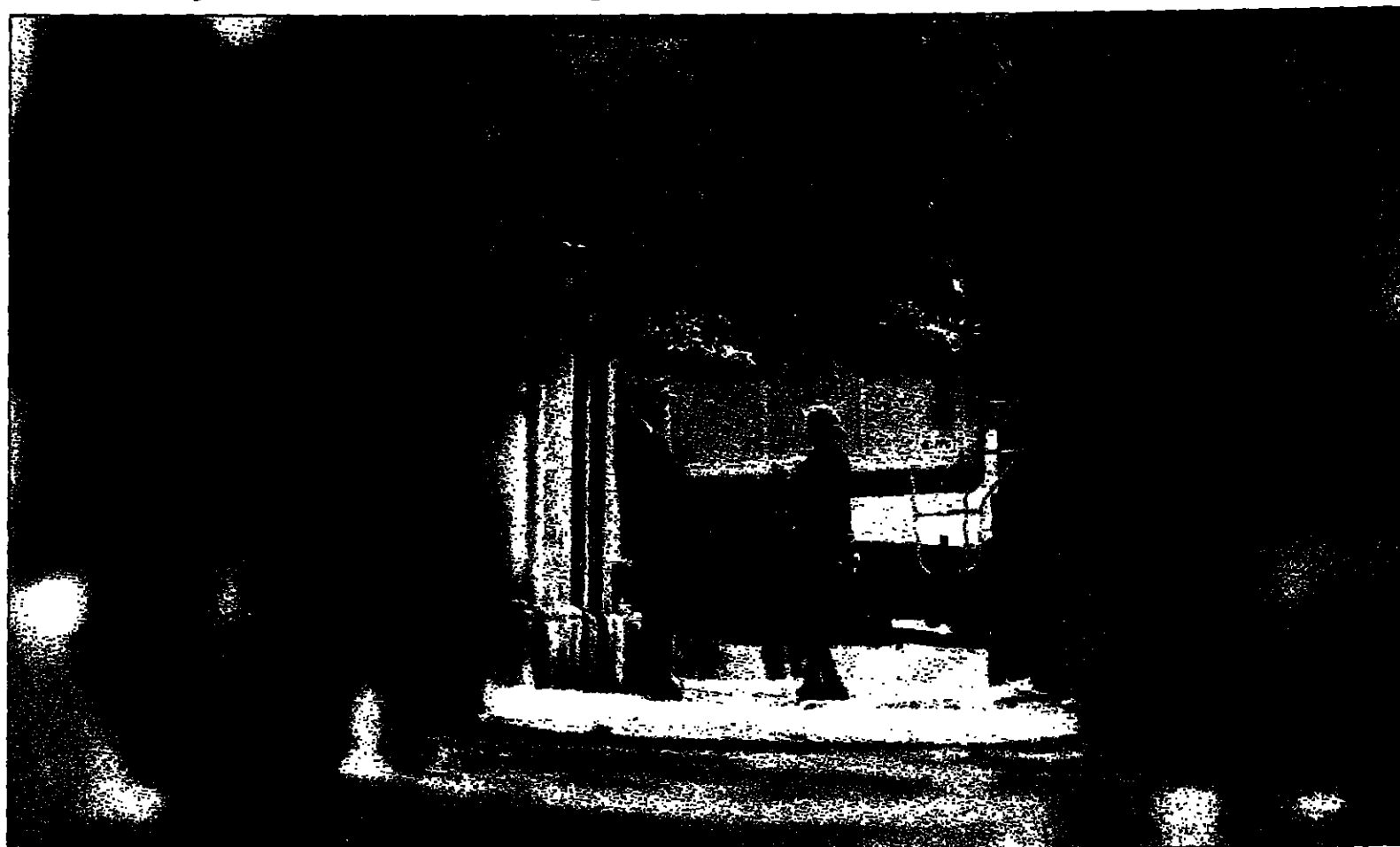
Barsukov was held responsible for the disastrous handling of the hostage crisis at Buden-

novsk last year, and security experts yesterday said the Russian demand for the expulsion of nine British diplomats might be an attempt to restore the FSB's reputation. Significantly, pressure for hard-line action came from the FSB and not from the Russian Foreign Ministry.

The reputation of an intelligence service is as important as its performance, and the British services have been well-regarded of late. Their biggest embarrassment occurred in the 1960s when members of the Cambridge spy ring - Kim Philby, Anthony Burgess and Donald Maclean - were revealed as highly placed KGB agents. Sir Anthony Blunt and Roger Hollis followed.

In contrast to the secretive nature of the British and Russian intelligence services, the US Central Intelligence Agency (CIA) maintains a relatively high profile. Headed by John Deutch, a former deputy Defense Secretary appointed by President Clinton a year ago, it has 28 separate intelligence bodies covering everything from political and economic to purely military intelligence, where it sometimes clashes with the Defense Intelligence Agency (DIA), much like its British and Russian equivalents.

The total US intelligence budget is \$28bn (£18bn). Its biggest success was undoubtedly the overthrow of communism: its biggest embarrassment was the Bay of Pigs fiasco in 1961, when the CIA masterminded the landing of a small army of Cuban exiles on the south Cuban coast. The CIA's reputation has been damaged by two recent scandals. In 1994 it was discovered that veteran CIA officer Aldrich Ames had been selling secrets to the former Soviet Union, and last year it emerged that a murderous Guatemalan colonel had been on the CIA payroll.



British guard: A policeman patrolling the streets outside the Russian Embassy in Kensington Palace Gardens yesterday Photograph: Brian Harris

## Bad news delivered in a convivial manner

STEVE BOGGAN  
Chief Reporter

"I like it!" exclaimed the Russian official when it was suggested that he substitute one word for another in his embassy's statement on the MI6 spying scandal.

It couldn't have happened in Smiley's day. A British agent had been caught spying "red-handed": nine British diplomats had been earmarked for expulsion; the British government was formulating its usual tit-for-tat response. And here was the *Independent*, inside the Russian Embassy's diplomatic headquarters, helping the official with his vocabulary.

In 1989, the last time the gov-

ernments clashed over spying allegations, each expelling 11 diplomats, journalists were confronted by badly-suited heavies at each embassy gate demanding that the police shoot them away or lock them up.

Yesterday, the response was quite different. Instead of the old Siberian-style greeting, a cheerful official invited the *Independent* indoors for the translation of the latest information ministry fax from Moscow.

Number 15 Kensington Palace Gardens, is the wing of the Russian Federation Embassy at which all diplomatic activity takes place. Outside it is a grand stucco building in the Nash style, almost identical in grandeur to the dozen or so oth-

er embassies along the street.

Inside, however, the word grandeur is redundant. Faded paintwork is matched only by frayed carpet. Sixties-style telephones are made to look even older by Seventies-style dralon swivel chairs. To the right of the drab reception is a cavernous green-painted hall on whose walls are hung undistinguished paintings in warped frames. Parked, or dumped, on the rear lawn is a battered Volvo.

The official, as warm and professional in 1996 as any of his Western counterparts, begins to translate the statement, issued by Georgi Karsin of the department for public information and press. It explains why the Britons will be expelled, on the

orders of Sergei Krylov, the Deputy Foreign Minister, and says that the British Embassy officials had been "trying to recruit agents among citizens of the Russian Federation".

At each step of the way the official checks and double checks his vocabulary and accepts one or two suggested improvements. Then he places an emphasis on what he and his colleagues inside the embassy hope; that they won't be sent home. Reading Mr Karsin's words, he continues: "We see our main task in these circumstances as doing everything possible in order to avoid too much emotional reaction and hasty decision making which could have a negative influence

on state relationships between Britain and Russia, which are developing very successfully."

Another senior official put it more clearly: "We are very anxious that this should not spoil things between our two countries. Things have come a long way between us and we value the relationship very much. But we could not ignore the activities of the MI6 agent in Moscow."

Back outside, after more help and co-operation, one of the armed police officers who patrol the street expressed incredulity. "Blimey. They let you in on a day like this? Shows how much they've changed. In the old days they'd have had the guards out ... and your feet wouldn't have touched the floor."

## This week in

## THE INDEPENDENT

This week and every week, Section Two has a new look, with more pages, new features, a daily radio column and an expanded listings section providing Britain's most comprehensive daily guide to going out.



## on Monday

A new regular section, Family Life, that deals with the interests and problems of parents and children; Julie Myerson's column also focuses on home life. Plus: a new series - Do we need? - which challenges the icons of modern Britain. And, every Monday, unrivalled coverage of the expanding world of information technology in our Network pull-out section.

## and is Sport

A 24-page tabloid section with all the action from the weekend's sporting action. Plus: the Monday interview in which a leading figure comes under the microscope, an unbeatable results service, gossip, speculation and fact from behind the scenes and the best in sports photography.

## on Tuesday

How well are you? The first in a three-part series which examines healthy living in Britain in the

Nineties. Also on Tuesday, fashion, architecture, visual arts and media.

## on Wednesday

Bridget Jones's diary continues to chronicle the encounters and exquisite embarrassments in the life of Britain's most-read spinster. Plus: the midweek travel section, your money, finance

and law. In our back pages, Martin Newell, Britain's leading rock poet, and Neil Kiefer, one of the country's funniest cartoonists, present their views of the modern world.

## on Thursday

All our regular features, including Virginia Ironside's Dilemmas, John Walsh's column, plus film, education

and graduate plus. In the back pages, William Hartston's history of the world in 1042 inches

## on Friday

24Seven - a new 20-page pull-out-and-keep entertainment and listings section. Including a complete day-by-day planner for the week ahead; plus

seven-day TV, radio and satellite listings, ticket offers and informed comment on the week's highlights. Plus: eight pages of pop and classical music

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Bosnia: Carl Bildt attempts to neutralise hardline nationalists as the first war crimes trial for 50 years begins

## UN front man wields weapon of willpower

EMMA DALY  
Banja Luka

"Boyish" is the word most frequently used to describe Carl Bildt, and "High Representative of what?" is the question most often asked about him. His looks – tall, blond, bespectacled – mask a ferocious intellect and energy, his employer – the world – suitably nebulous. The politicians well know that he is the front man for an impossible task.

The High Representative is commanded by the European Union, the United Nations Security Council and the donor nations to implement the civilian side of the Dayton peace plan in Bosnia – more or less through sheer force of personality. "That's true... I don't have very many weapons," he said wryly in answer to charges that he is a soft touch. "My powers are limited to political influence."

In the early days, I-For, the Nato implementation force, viewed his office with hostility (while exploiting the possibility of off-loading responsibility on to civilians), though relations swiftly improved and remain warm. Yet Mr Bildt, who is 49 but looks 10 years younger, has on occasion succeeded

where the big guns of I-For failed. He persuaded the Bosnian government, for example, finally to release its prisoners of war by threatening to postpone a donor conference.

His efforts are now directed towards extinguishing the hardline flame personified by Radovan Karadzic, the president of Republika Srpska indicted for war crimes and shunned by Mr Bildt and I-For. Mr Karadzic is the lurking presence pervading all dealings with the Serb entity in Bosnia; he is subject to arrest by I-For, should they happen across him. Mr Bildt clearly hopes they will.

"He is poisoning the political atmosphere," Mr Bildt said in an interview in Banja Luka, where he has just opened an office, to Mr Karadzic's fury. "He is pushing isolationist policies... and fuelling more hardline views on the other side."

The nationalist, anti-Dayton line still coming out of Pale, the mountain village near Sarajevo that is Mr Karadzic's stronghold, is exacerbating mutual fears, Mr Bildt added. "That increases the likelihood of the country coming apart even more." The former psychiatrist's continuing presence in

Bosnia, despite his long-standing appointment with The Hague war crimes tribunal, "is a major provocation against the international community".

An arrest could be extremely bloody, however, given that Mr Karadzic travels with a phalanx of bodyguards, and I-For commanders are loath to intervene. "The military guidelines are very clear," Mr Bildt said. He implied that he would like to see a change of policy – from the Nato politicians who issue orders to I-For.

There is a clear moral tone to the High Representative's views, as well as a practical concern. Pursuing war criminals matters, he said. "I don't think you can establish a normal political life before that's done," he said, adding that the tribunal would face a "difficult balancing act" over how far to extend its indictments.

"How you draw that line will be tremendously important for this country," he said. "You must take away a sufficient number of people to establish justice but at the same time you must leave the war behind you." Mr Karadzic would disagree; so Mr Bildt is bolstering international Serb opposition this week by opening his Banja Luka office.



Carl Bildt: His looks mask a ferocious intellect and energy, but he is well aware he is 'the designated loser'

The city is flooded with dignitaries at the moment, including John Kornblum, the US special envoy, whose predecessor forced through the Dayton agreement, and other foreigners urged to visit by Mr Bildt.

In Banja Luka, traditional political rival to Pale and home of Rajko Kasagic, the moderate Serb Prime Minister, Mr Bildt hopes to capitalise on the different perspective. "Some of them are genuinely willing to work within the Dayton framework," he said, while admitting that the peace plan was written in such a way that it is open to

liberal interpretation. "Every-one is trying to twist the agreement to suit their long-term aims... it has great potential to be twisted."

He seems particularly angered at the financial games being played: the Serbs' refusal to attend the donors' conference, and their rejection of a large seed-planting programme funded by the EU. But there is also the refusal of the World Bank to extend a project granting 10 deutschmarks per month to needy families across the line from the government side.

"I think that humanitarian

programmes should apply to people in need everywhere, but the World Bank does not seem to share that view," he said acidly. The political point being, "if we go in here and start to co-operate with people they will find that productive and we will gradually break down the barriers of isolation". This is partly why Mr Bildt will be loath to use the one real weapon he has: the re-imposition of economic sanctions on Republika Srpska.

Admiral Leighton Smith, Mr Bildt's military counterpart, not only had an easier task – the separation of the warring fac-

tions – but a far bigger armoury. Mr Bildt is supposed to rebuild Bosnia, to bring in foreign money, encourage refugees to return home and ensure that fair elections take place, aided by a (so far non-existent) free press.

It is not surprising, therefore, that Mr Bildt has kept his position as chairman of the Swedish Conservatives and his homes in Stockholm and Brussels. Despite the energy and intellectual rigour with which Mr Bildt pursues his mission, he is well aware that, as one analyst cynically put it, "he is the designated loser".

## France beats US in Third World aid

CHRISTINE TIERNEY  
Reuters

Paris — France may have overtaken the United States as the world's second-largest donor of aid to developing countries, Brian Atwood, administrator for the US Agency for International Development (Usaid), said yesterday. Japan is the leading First World donor.

"France may be number two, in gross terms, when the [1995] figures are finalised," Mr Atwood told a news briefing in Paris to discuss a new results-oriented aid strategy to be adopted by donor countries belonging to the Organisation for Economic Co-operation and Development (OECD).

"They've fallen back" in terms of aid, Mr Atwood said of the French, "but we've fallen back further." He said the US aid budget had shrunk by more than 40 per cent since 1985, reflecting pressure to reduce government spending, and had been cut to around \$6.2bn (£4.1bn) from \$7bn for 1996. He praised the results-oriented strategy and said it was likely to increase not only the efficiency of development assistance but also incentives for donors to contribute.

Among the targets set in the plan are a 50 per cent reduction in the number of people living in extreme poverty, defined as those having an annual income of \$370 or less, and universal access to primary education for children by the year 2015.

Mr Atwood said the strategy "for the first time sets targets for what we want to achieve in the next 20 years. It moves away from talking about the input side of the equation to talk about output targets".

"The purpose of this is to create a political dynamic wherein the [aid] numbers will go up," he said. "If we don't do more to expand markets, industrial nations know the tensions among them will increase because we'll be going for a static part of the pie."

Mr Atwood said the strategy would encourage donors to work more closely together to meet the jointly-agreed targets, which would be tracked by the OECD's Development Assistance Committee.

## Serb stands accused of ethnic 'reign of terror'

ANDREW KELLY  
Reuters

The Hague — The Bosnian Serb defendant in the first international war crimes trial for 50 years had no role in the camps where he is alleged to have killed, raped and tortured Muslims and Croats, his lawyer said yesterday.

"Although the camps existed, although they were places in which unspeakable crimes were committed, these crimes were not and could not have been

committed by the defendant," the Dutch defence lawyer Michael Wladimiroff said.

Dusko Tadic, the first person to face an international war crimes tribunal since the Nuremberg and Tokyo trials after the Second World War, is charged with crimes against non-Serbs at the Omarska, Keraterm and Trnopolje camps in north-west Bosnia in 1992.

Earlier yesterday Australian prosecutor Grant Niemann accused Tadic of committing atrocities in the camps as part

of a systematic reign of terror aimed at driving Muslims and Croats away so Serbs could claim the territory.

"The evidence of the prosecution will prove beyond reasonable doubt that the accused, Dusko Tadic, committed the crimes... and that it was pursuant to a widespread or systematic attack against the non-Serb population of the Prijedor [area]," he said.

Mr Niemann said the trial would examine events of unspeakable horror which oc-

curred during "ethnic cleansing" of the region. Tadic, a committed Serb nationalist, had visited the three camps at will to kill and maltreat inmates, the prosecution alleged.

Mr Niemann said the camp atrocities seemed to have been conducted with the tacit approval of the Yugoslav national army and local Serb paramilitary groups.

The defence did not deny that Bosnian Muslims had suffered but said the defendant was the victim of the Muslims' desire to find a scapegoat. "The thirst for

revenge must not be satisfied at the well of polluted justice," Mr Wladimiroff said as he insisted on a rigorously fair trial.

Presiding Judge Gabrielle Kirk McDonald of the United States opened the sitting by stressing that Tadic's right to a fair trial was the "paramount purpose for being here".

The accused has always denied the charges. He was arrested in Germany in February 1994 after Bosnian refugees identified him as their tormentor. Since then he has spent over

two years in jail awaiting a trial which is like to take several months. Over 100 witnesses will be called, some of whom will be giving evidence via satellite from Bosnia.

The tribunal, created by the Security Council in May 1993, marks the first attempt by the United Nations to enforce international treaties on the conduct of war and protection of civilians.

To date the tribunal has charged 57 people – 46 Serbs, eight Croats and three Muslims.

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## international

## Europe lays the foundation for EU defence arm

**WEU summit:** Ministers avoid defining role for long term, but agree basis for joint operations

JOHN LICHFIELD  
Birmingham

European governments agreed yesterday to push forward rapidly with a series of measures to allow them to conduct joint military operations independently of Nato.

Foreign and defence ministers of the Western European Union, meeting in Birmingham, reaffirmed plans to give the long-moribund defence body the capacity to conduct peace-keeping and humanitarian operations by the end of the year. The meeting of 27 governments – 10 full WEU members, plus observers, “associates” and “partners” – skirted around the trickier questions of the body’s longer-term political aims and development.

At present the revived WEU is a wife with two husbands: it acts as the European arm of Nato and, in an ill-defined way, as the security wing of the European Union. A number of European governments, led by Germany, would like to see the WEU fully absorbed into the EU as part of the present negotiations on reform of the Union treaties. Britain fiercely opposes such a step.

The French government took up an in-between position. It supported the British view that priority should be given to the practical moves agreed yesterday to equip the WEU with the intelligence, transport and command-and-control capacities to act independently of the US-dominated Nato alliance. But the French Foreign Minister, Hervé de Charette, made it clear that Paris saw this as a first stage towards the creation of a defence policy within the EU, without threatening the pre-eminence of Nato.

“In the long term WEU will merge with the European Union but the time has not yet come,” he said. “Everything

has to be achieved in a step by step fashion, so that the WEU can first become a useful tool for European foreign policy.”

Mr de Charette startled British officials by proposing that the financing of the developments needed to create a fully-functioning WEU should be agreed at EU level. France has already said it wants WEU policy to be decided at EU summits. Both ideas go much further than the British government is prepared to tolerate.



Hervé de Charette: WEU must be foreign policy tool

But these differences were only hinted at yesterday: they are quarrels for the future. Other European governments are pleased that, within limits, Britain has been playing a positive role in the re-shaping of post-Soviet European security policy.

Britain presides over the WEU for the first half of this year and has pushed forward a number of practical changes needed to allow the body to emerge from Nato’s shadow after nearly 50 years. The aim is to make the WEU separable from Nato but not separate; in other words to develop a capacity for independent European crisis-management, peace-keeping and fire-fighting in situations in which the US

does not wish to get involved.

A WEU intelligence unit has been set up in Brussels and Nato agreed this week to share some classified information with this body. A permanent WEU situation centre for managing crises will start up in Brussels next month. Ministers yesterday called for urgent decisions on the permanent sharing of Nato resources – especially communications and transport – to meet the target of an operational WEU by the end of the year.

The Birmingham meeting also decided that observer members of WEU – neutral countries such as Sweden and Ireland – could be invited to take part in peace-keeping exercises.

The Foreign Secretary, Malcolm Rifkind, who chaired the meeting, said afterwards that a merger between the WEU and EU “should not arise”, even in the long term. It would confuse WEU’s role as a component of the Atlantic alliance and make difficulties for the neutral EU states. He also rejected suggestions that financing of the WEU should be agreed at EU level.

The Secretary of State for Defence, Michael Portillo, said more progress had been made towards making the WEU an “operational force” in the last six months than in “many years before”.

It is clear however that the WEU will – initially at any rate – be capable of undertaking only light duties. The suggestion that it organise a peace-keeping force for Bosnia, to succeed the Nato-run implementation force (I-For) next year, was slapped down by both British and French officials. Mr de Charette said the idea, floated by the European Commission, was “irresponsible”. The US and European troops in I-For had gone to Bosnia together and would leave together, he said. The decision on what should happen next lay with Nato, not the EU.

## Imran prays for justice in Pakistan



Imran Khan makes time for prayer at his cancer hospital in Lahore after a tense period following the recent launch of his Justice Movement. The former Pakistan cricket captain, 43, has been recruiting members this week in readiness for a challenge to Prime Minister Benazir Bhutto. Photograph: Muzammil Pasha

## India set to be ruled by coalition

TIM MCGIRK  
New Delhi

After the final round of voting in elections yesterday, polling officers today begin the task of counting over 330 million ballots to determine which of three main parties will govern India for the next five years.

No clear front-runner has emerged in these fiercely-contested parliamentary and state assembly elections. But early exit polls give the ruling Congress party a slight edge over the Hindu nationalist Bharatiya Janata Party (BJP) and, in third place, the National Front-Left Front (NF-LF). It is doubtful that the Congress party of the Prime Minister, Narasimha Rao, will secure a majority of the 543 seats in the Lok Sabha, the lower house of parliament.

Election officials said voting in the third and last phase of the Indian elections passed smoothly in many states. But in Bihar, 15 people were killed and another 50 were injured in bomb blasts and shoot-outs between rival party supporters. So far, 39 people have died in Bihar during electioneering.

For the first time in seven years, Indians in the troubled Himalayan state of Jammu-Kashmir were allowed to vote in parliamentary and state assembly elections. But sabotage threats by Muslim separatists frightened off many voters, even in the predominantly Hindu area of Jammu and in Leh, a mountainous region near Tibet whose inhabitants are mainly Buddhists. Polling in the turbulent Kashmir valley, where over 20,000 people have died in a six-year revolt against the Indian security forces, has been delayed until later this month.

Indian authorities claimed that Pakistani forces fired artillery shells into Kashmir yesterday to disrupt polling along their disputed border. Islamabad gives support to the Kashmiri insurgents.

In the north-eastern state of Manipur, where Indian security forces are fighting separatists, over a dozen bombs were set off to scare away voters. In communist-run West Bengal, where voter turnout at 75 per cent was the nation’s highest, both the BJP and the Congress complained of “massive” vote-rigging.

With many political experts predicting that India will face a hung parliament, some parties are already putting out feelers to possible coalition partners. The National Front-Left Front is reported to have made moves towards the Congress party but is said to be demanding that Mr Rao is ditched as leader – a condition that a senior Congress official said it had no intention of meeting.

## Husband to 15 and lover to 54

Colombo (AP) – A man with 15 wives and 54 mistresses was jailed by a court in southern Sri Lanka after his latest wife complained that he was not faithful to her, police said yesterday. “We have found eight wives so far. But he had seven other marriage certificates,” said police inspector J. Hopitigala who is investigating how many

women Pavulupitiyage Gunapala, 35, married in the past five years. Police found romantic letters from 54 other women when Gunapala was arrested. The unemployed man had posed as an army sergeant, and changed his name several times to woo the women, who ranged from 18 to 60 years of age. He usually stayed with a wife

for only a few weeks or months before abandoning her after taking all her money and jewels, said Insp Hopitigala. Gunapala was arrested after the last woman he married complained to police that he was having an affair. Police found that he had married her after fleeing five arrest warrants for polygamy.

## Minister’s journey of discovery

ADRIAN BRIDGE  
Central Europe Correspondent

As justice minister of the former Soviet republic of Moldova, Vasile Sturza should have known better. When he set off to attend a management training conference in Vienna earlier this month, he assumed that all would be okay with the Audi 80 he had been given permission to borrow from a friend.

He was so confident that he thought nothing of parking the car in the yard of Vienna’s training school for customs officers – a few rooms of which had been hired by the organisers of the seminar. But Mr Sturza had not reckoned with a beady-eyed Austrian customs official who took one look at the car and smelt a rat. Noticing that a lock was missing on the passenger door, the officer made a note of the chassis number and got in touch with Interpol. It confirmed his worst suspicions: the car had been stolen from Germany in 1994.

A red-faced Mr Sturza was forced to break away from his studies to answer the questions of the Viennese police, who had no idea of his ministerial rank or identity. He assured them that he, of course, had no idea that the car was stolen. The police took him at his word, but they did confiscate the car.

In the six-and-a-half years since the fall of communism, tens of thousands of stolen Western European cars have ended up in Eastern Europe and the republics of the former Soviet Union. Once out of Western Europe, very few of the cars ever return – for reasons now only too apparent to the unfortunate Mr Sturza.



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# Brilliant but flawed

Photograph: Hufton Getty

subishi is the world's biggest manufacturing corporation and Supermarine, makers of the Spitfire, is history.

And yet ... as one surfs the clouds in a Spitfire, sending the ballistic machine twisting and growling, only the intoxication and dazzling beauty matter. You cannot fly a duck. We are in awe of this plane because it asks us a question about ourselves that we do not know the answer to. It is a question we ask ourselves now, again, in relation to Europe. Perhaps we are flawed, not made for the modern age; but it is only our independence of spirit that is capable of inspiring.



## Spitfire Mk IX

**ME Bf109G**

# ME Bf109G

## A6M2 Zeke ('Zero')

## P51D Mustang

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**Range:** 1,300 miles

The North American F51 was built in co-operation with Britain. The Mk1 brought into use by mid-1942, was well-suited to low-altitude flying. The F51D, "the Cadillac of the skies", was an adaptation that filled the need for a high-altitude escort fighter. It was heavy and had a good range compared with other models. It was the foremost aircraft from mid-1944 until the end of the war. North Korean gun emplacements in the Fifities proved that the Mustang had finally had its day.

*Research by Ben Sumner*

# DIARY

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# THE INDEPENDENT

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## Dorrell steps in the right direction

As if death itself weren't leveller enough. When chronic illness strikes in old age, bills for long-term care can leave the prudent and the well-off in the same financial boat at the end of their lives as the spendthrifts and the poor. Middle England is displaced – and it is grumbling to its politicians.

The Health Secretary, Stephen Dorrell, could offer little yesterday to protect his party from the damaging political fallout of all the disappointed expectations raining down on the property-owning masses. But his proposals were nevertheless a promising first step towards tackling an issue that will bedevil politicians for a decade or more.

Long-term social care has always been means tested. But as the NHS withdraws from geriatric care, and as the number of home-owners grows, more and more pensioners are being asked to pay for care. Inheritance taxes are being devoured by the wage bills of care homes. Disappointed inheritors may squelch but someone has to foot the bill. As a nation we have not saved enough in the past to enjoy today's cascades of wealth across the generations, as well as low taxes. The current working population will have to pay for its elders' care somehow, whether through forfeiting inheritances or paying more tax. Unless younger generations start making additional provision their children will have to do the same in their turn.

Mr Dorrell hopes that individuals will bear more of the burden themselves, through higher savings and taking out insurance earlier in their lives. For the current generation of elderly the government is suggesting a new partnership to pay the bill for care. (It sounds very like the kind of scheme new Labour should have come up with but hasn't.)

The state won't pick up the entire tab; that could cost us two pence on income tax each year. But nor will every individual with assets worth more than £16,000 be expected to fork out for the entire cost either – as most have to do at the moment, usually by selling their house. Under Mr Dorrell's plan, at retirement age, people would be able to buy insurance to cover a specified level of care. If you were to purchase insurance cover worth £60,000

but your eventual bill overran, the state would still mean test your ability to pay for the additional care. However, it would exclude £60,000 worth of your assets from the assessment. By buying your insurance you pay for your long-term care and protect at least a chunk of the inheritance hoped for by younger generations in your family.

The details may vary in practice but the principle is right. There is at least one catch. For a start, the insurance market would need to become much more sophisticated. Senior citizens are asset rich and income poor. They would need to draw on the money tied up in their houses through equity-release schemes to pay the insurance premium. At the moment these equity-release schemes are completely inadequate. More important, the insurance premiums would be substantial – especially for couples. Many people would not be able to afford them. The Government could end up spending taxpayers' money protecting the assets and inheritances of the wealthy, leaving the lower-middle classes behind.

Still, at least the Government is moving in the right direction. Unlike the Labour Party, the shadow health secretary, Harriet Harman, was quick to denounce the Government's proposals as a "betrayal" of elderly people who expected the state to provide for them. Yet delivering the state-funded care that senior citizens expect would cost a bomb – something that sits uneasily with new Labour's fiscal prudence, and runs against Chris Smith's avowed aim of encouraging people to provide for themselves.

Massaging expectations downwards is an extremely difficult task – especially for a government that is already unpopular. Yet that is the task that will face this government and Labour if it takes power. Rather than opportunistically carping about the Government's attempts to find an innovative solution to a pressing problem, Labour should itself be searching for an alternative: if not a public-private partnership, then a new social insurance scheme. Labour's trouble is that it still wants the luxury of behaving like an opposition without responsibility when it needs to start behaving like a government.

## Cleaning up after Clwyd

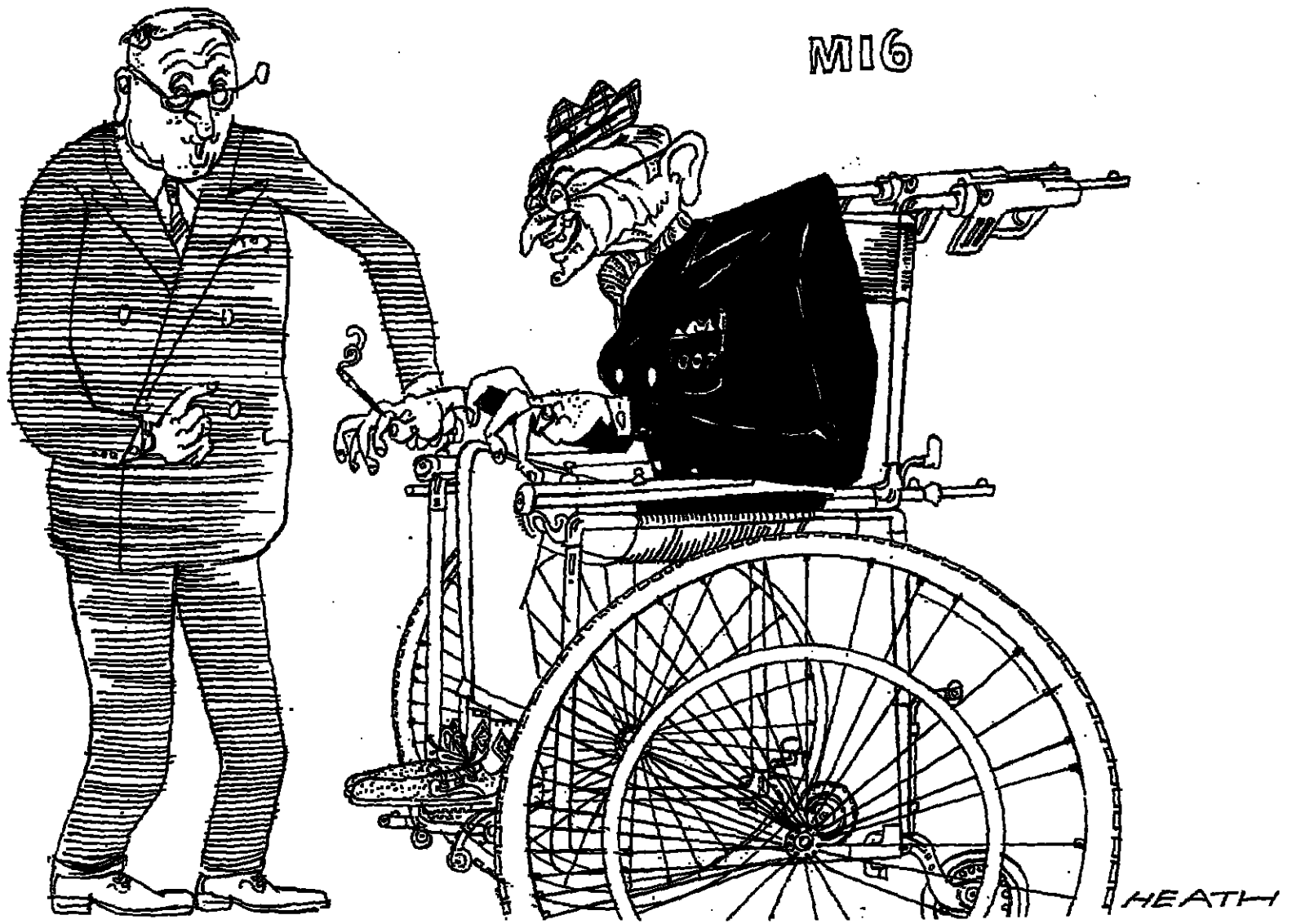
Clwyd's secrets are out in the open. Yesterday we published substantial extracts from the inquiry report into child abuse in North Wales and summarised its conclusions. The facts have now indelibly entered the public domain. The Welsh Office, the North Wales Police and the councils that have inherited Clwyd County Council's functions can no longer hide behind the excuse that this is an unpublished document. Truth, damn truth, is out. The judicial inquiry recommended in the report as the only way to draw guidance for the future management of social services departments must be drawn up. It may be utopian to hope that children in care will never again suffer an instance of abuse like this. But the chapters of failure set out in the Clwyd report should be the starting point for drawing up precautionary measures to make sure similar systematic abuse of young people in the state's care should never occur again.

Till now the Government's view, at least as expressed from Cardiff, seems to have

been: this is a local difficulty which we already commissioned a lawyer to look at. This will no longer do. William Hague, the Welsh Secretary, is a young man with a bright political future ahead of him. Here is an occasion for him to prove his mettle. He must immediately, in conjunction with Stephen Dorrell, the Health Secretary, appoint a figure of proven independence, protected by law, to inquire into Clwyd speedily, with the express goal of reaching conclusions that may be of wider use.

Much has been made of the way local authority management has improved. Not in Clwyd social services department it wasn't. The Association of Directors of Social Services, if it cares for its reputation, ought to be vocal in demanding a set of precepts for its members' use; it is unlikely Clwyd was so unusual that its derelictions of duty are not being repeated elsewhere.

The Welsh Office emerges from the report as complacent and slack. It must redeem itself by initiating an open and independent policy review.



"Now, Mr Bond, I want you to note the additional extras in your chair. The rocket launchers in the arm rests ... a bomb in the commode..."

## LETTERS TO THE EDITOR

### Protectionism is no road to prosperity

Sir: Edward Luttwak ("Your job can be safe again. Here's how", 6 April) fails to mention that the imports "reduced by Buchanan's high tariffs" are nominally American, in part at least. "Expensive" US domestic production is being displaced by cheap US overseas production; American capital, "American" labels, but made by foreign workers.

The same is occurring on this side of the Atlantic, and not a single major party seems to have anything to say on the matter. British companies have exported jobs to China, and elsewhere, where authoritarian regimes can guarantee a quiescent workforce, often condemned to virtual serfdom. British firms import the result, bearing a "British" label. In some product ranges it is now nearly impossible for the British consumer to buy an item which is not made in China. This is not free trade.

Our Government's response is to "compete", to reduce conditions among British workers to the level of those "enjoyed" by the slaves who have been displaced. Tory attitudes to the situation are highlighted by two events in recent years. One was a European decision to place quotas on imports of a range of goods from China; the second was a move to insist on improved labour conditions in Third World

exporting countries, and so reduce the level of unfair competition. The British government resisted both moves. Meanwhile Labour has little to say on the matter.

Those thrown out of work here by such transfers of production cannot sustain their consumption. So employers producing in Britain for the domestic market find business increasingly difficult. Some will in turn move abroad, while others go under.

TOM KINCOURSE  
Colyton, Devon

Sir: Edward Luttwak makes the error – too common among US commentators – of treating global economic issues almost entirely in American terms. This can easily lead him to calling for protection, forgetting that the US is part of an international economy and has little to gain by cutting itself off.

What evidence does Mr Luttwak have that excluding foreign products from the American market would raise the wages of labour, even in the short term? Might employers not simply choose to keep the monopoly profits generated by tariffs, thus exacerbating just those inequalities which Mr Luttwak (rightly) seems concerned about? What about the effects on real wages (in the end, the only wages which

matter) of lack of access to competitively priced foreign goods? If US workers end up having to spend more of their incomes on expensive, inefficiently produced domestic products, where are the gains in living standards, which Mr Luttwak predicts, going to come from?

Mr Luttwak fails to mention that protectionism, the preferred solution to American economic ills in the early 1930s, did nothing to prevent the greatest depression in US history.

Professor MARK STEELE  
European Studies Programme  
Boston University  
London SW7

Sir: Edward Luttwak argues that by raising tariffs America's employment and standards of living will rise. What he calls for is a policy analogous to the Import Substitution policies advocated by the World Bank and the International Monetary Fund for developing nations: high tariffs would allow the development of indigenous manufacturing and so on. In practice these policies have been utter failures, successful only in raising prices and lowering quality without raising the standard of living of workers.

DAVID FRITH  
Department of Geography  
University of Edinburgh

### Basildon, bastion of social concern

Sir: As the first and only Labour MP to represent Basildon (thus far) may I compliment you on your local election coverage. However, the description of Basildon as a bastion of Thatcherism ("Alone in Essex as old friends fall out", 4 May) was somewhat misleading. The New Town has never been that.

Ever since the seat was constituted it has been highly marginal, reflecting the varying fortunes of successive governments while the large electorate made it difficult to predict the outcome of any election with any degree of certainty. Indeed, for a number of years I represented an electorate in excess of 100,000 voters.

The issues facing New Town populations throughout the 1950s-1980s were not only the wider, national concerns but also local democracy and decision making between the development corporation and the local councils.

I'm sorry that the media and political commentators too easily rehash stories about Essex man and Basildon man (and woman) and their apparent inability to make individual and sober judgements of local and national needs. Such stories are an insult to a very genuine political and social concerns to be found in Basildon at this time.

Professor ERIC MOONMAN  
London N7

### Test of logic

Sir: Gordon Brown (7 May) adopts a petulant note which recalls the famous speaker's marginal rubric: "Weak point – shout." If his proposal means anything at all, he is proposing to means test child benefit for 16-18 year olds. Chris Smith, Labour's Social Security spokesman, tells us Labour are in favour of a significant reduction in means-testing. Who is running the show?

EARL RUSSELL  
House of Lords  
London SW1  
The writer is Liberal Democrat Social Security spokesman

### Sharing a church in peace

Sir: Jonathan Glancey's feature on St Stephen's Church, is a little disappointing (6 May). The headline of "Holy war" and "A church in schism" is dramatic but not accurate. What is happening at St Stephen's is quite the opposite.

The Church remains fully within the Church of England and continues to offer the same traditional, but glorious worship for which St Stephen's has long been renowned.

The 35 who have left to become Roman Catholics have been given permission, on a trial basis, to hold two services a week in the church and are also supporting us financially and practically.

Visitors to our main service on Sundays at 11am will find that the loss of a number of friends to Rome has not diminished our desire to offer worship to God with all the beauty and reverence that Christian tradition allows.

The Roman Catholic community, I know, has the same intention. The reality at St Stephen's is not "Holy war" but rather Christians seeking to share and work together in spite of the real

divisions that do exist between denominations.

ROGER PREECE  
Church Warden  
St Stephen's Vestry  
London SW7

Sir: Mother Angelica may have "endeared herself to the Catholic right wing in Britain" (6 May) with her views on contraception, liturgy and sex education, but these views seem almost identical to those expressed in the Pope's encyclical of 1994, *Veritatis Splendor*, as described elsewhere in the same edition of your newspaper ("Holy war"). No wonder that she was welcomed by the organisation aptly named Pro Ecclesia at Pontefract.

The report referred also to the singing of the Creed in Latin as "a practice out of favour since Vatican II", a strange assertion, given that it is to be heard regularly in Cardinal Hume's own cathedral at Westminster, as well as in Roman Catholic churches across the land.

Dr MONICA NURNBERG  
Department of French  
The University of Liverpool

### Serenity of Vermeer crowded out

Sir: Remarkable for a show containing only 21 paintings, the Vermeer exhibition at The Hague has attracted tremendous publicity and vast audiences. While the show's high profile may serve to justify the expense involved and the difficulties posed by such an undertaking, the great publicity surrounding it is, at the same time, its undoing.

Andrew Marr wrote (23 March) that the reason such a huge number of visitors are making the "pilgrimage" to the Hague is because "there they will experience something extraordinary, something they will never forget" – the "mystical experience" of Vermeer's art.

How can the serenity and stillness of a painting by Vermeer be appreciated when chaos and hysteria fill the space around it? The crowds around each of Vermeer's small paintings are four rows deep and there is barely room to move, let alone concentrate on the work. Trained entrance tickets

and overcrowded spaces, not to mention excessive merchandise, are characteristic of today's exhibitions, of which the Vermeer, or the recent Cézanne show at the Tate, are typical. This is no way to see art.

It is also foolish to believe that it is genuine love and appreciation of Vermeer's genius, or Cézanne's revolutionary style, which draws the visitor. Compare the Cézanne exhibition with the Courtauld Institute; here, in the heart of London, are five splendid examples of Cézanne's paintings (three of which were, ironically, on loan to the Tate for the exhibition) yet the Courtauld receives fewer visitors in a year than the Tate did for this exhibition alone.

Exhibitions are sold to the public as packages; it seems that the audience's enthusiasm is driven more by the event than by a love of paintings.

MARTINA DROTH  
London E5

### Lib Dems poised

Sir: John Curtice's criticisms of the Liberal Democrats' recent performance and Paddy Ashdown's abandonment of equidistance (30 April) are both unfounded.

First, to say Labour's rise is at the expense of the Lib Dems and not the Conservatives is plainly wrong. National opinion polls put the Tories in the mid 20s (down 20 points from 1992) and the Lib Dems in the mid to high teens (the same as in 1992).

It is true that the Lib Dem candidate was squeezed in the Staffordshire by-election. This was the consequence of an electorate desperate for change, and now familiar with tactical voting; something which Labour has also suffered from in parliamentary by-elections since 1992, losing their deposits in Christchurch and Newbury.

On equidistance, if Mr Ashdown had left open the possibility of propping up this tired and discredited Government, then he would be seen as standing in the way of the British electorate's overwhelming mood for change. The Lib Dems are now well-positioned to take advantage of this mood.

CHARLES ANGLIN  
Lib Dem PPC for  
Leyton & Wanstead  
London E15

### Renaming 'Jamie'

Sir: Your articles about the High Court ruling against Michael Howard's 15-year tariff on Robert Thompson and Jon Venables (3 May) refer to the murder of "Jamie" Bulger. The child's Christian name was James; this is what his parents and relations called him, and how they always knew him. "Jamie" is a media coinage; it is the name, not of a real boy, but of an icon or emblem. To continue using it is not only disrespectful to the Bulger family. It also prevents us from thinking wisely and dispassionately about a case which involves the fates of two other young children.

BLAKE MORRISON  
London SE3

### Sweat-shop work

Sir: Two Thai brothers are imprisoned in Los Angeles for running a sweat-shop ("Jail for 'slave' pair", 1 May). They were given six years in prison and ordered to pay their workers \$4.5m.

In Britain they would be paraded before the Tory party conference as examples of "enterprise" Britain.

W J HUNTER  
Horley,  
Surrey

## 'Round midnight. Or perhaps not at all

Nicholas Kenyon, Controller of Radio 3, is said to have got great pleasure in his youth from surveying the Radio 3 schedules. I know how he feels. I used to too.

I still sometimes get pleasure from it. Most days I look down the list of music to be played on Radio 3 and talk to be talked, and I think: That looks interesting, or, it would be nice to hear that again, or, Mel Smith's programmes on jazz are always thought-provoking so I'll give that a go, and just as often I think, Oh no, I hate that composer, or, Oh God it's live opera all afternoon, give that a miss, or, Hmmm, perhaps I should give Liszt another try.

But what I never do is think, Oh, I like that presenter, I'll see what he has to offer, or, I see Adrian Turntable is presenting *Rush Hour Muzak* today – he's really daisy, I'll listen to him. Call me old-fashioned, but I turn on for the music. Yet, to judge by recent newspaper features on Radio 3, it is only the presenters who matter. "Is Radio 3 going pop?" they ask. Or, "Down market with Radio 3?"

It always turns out, when you inspect these post-mortems, that it is not the music that is thought to be going down-market, it is the presenters. Out go stuffy old Radio 3



MILES KINGSTON

announcers, in comes Paul Gambaccini. Is it the end of the world? Who cares? say I. Both are as bad or as good as each other. It is only the music that counts. As long as the announcers don't matter (though they do, more and more), I don't care who they are. Like the young Nicholas Kenyon, I just like looking through the Radio 3 schedules, picking out things I like the look of.

Except when it comes to jazz, which I am specially fond of. I wrote a piece in this space the other day pointing out that *Jazz Notes*, the only jazz programme that turns up on BBC radio more than once a week, has now been relegated to 12.30am for half an hour a night. 12.30am! Imagine the uproar if a programme called *Opera Notes* were relegated to a time well after midnight. Imagine the uproar if anything to do with opera were mucked around with, even

though it's all music by long-dead composers.

*Jazz Notes* often presents good stuff by living musicians and composers (such as wonderful recent solo sessions from the pianist Dave Newton and the guitarist Martin Taylor) but I have to get up and work every morning. I can't physically stay up to listen to it at 12.30am. And I don't see why I should have to, or rely on a timed recording.

But there was no way I could have listened to last Thursday's *Jazz Notes*. This was billed as a tribute to two British jazz musicians who have just reached their 70th birthdays, Don Rendell and Cy Laurie. It did not, however, go out on air, as far as I can make out. It was never broadcast. This was apparently because a concert earlier in the evening overran, thus pushing everything later. Now, I can understand why late running earlier in the evening should make *Jazz Notes* even later than its already ludicrous timeslot – but why cancel it altogether?

I'll tell you why. Because the programme after *Jazz Notes*, at 1am, was *Night School*, the educational strand that goes on so late that all its listeners have to record it while they sleep. So its time can't be changed. So when Radio 3 starts running late, something has to be cancelled, to

avoid running into the buffers at 1am. So *Jazz Notes* gets the chop.

But hold on, why didn't the programme before *Jazz Notes* get the chop? It was only a repeat, after all. A repeat of *This Week's Composers*, "Szymanowski", a programme which was all gramophone records and had already been heard. But that was preserved, while the *Jazz Notes* tribute to two living musicians whose 70th birthday will not come again was pushed into the limbo from which no programme ever re-emerges into a *Radio Times* billing.

Szymanowski died in 1937 and doesn't really need the kudos. Don Rendell and Cy Laurie are alive and well, and might feel somewhat miffed that a once-in-a-lifetime tribute on Radio 3 was chucked out just because Radio 3 couldn't get its schedules right.

Like Nicholas Kenyon, I enjoy reading the Radio 3 schedules. Unlike him, I get a lot of my enjoyment by looking at the jazz late-night listings and say, "It would have been nice to hear that." Or, indeed, "It would have been nice to hear that, assuming it wasn't cancelled."

I don't think Radio 3 has gone pop. I think it has just fallen into the hands of people who don't know how to run it.



# Listen carefully, Bond. The rules have changed ...

New enemies and an information explosion have turned today's spies into thinkers, not shooters

In 1971, Edward Heath's government pulled off one of the most bracingly inspired diplomatic coups of the post-war period. Britain expelled 105 Soviet spies. This was definitely not cricket. "Tilt for tilt" expulsions were fine, but a presumptive mass eviction was unheard of. The Russians were, literally, speechless.

It was a brilliant move because some genius at the Foreign Office had realised that spying, in those days, was not a zero-sum game. The Soviets had dozens, possibly hundreds, of agents moving about a relatively open country. To keep track of each one, with their dead letter boxes in surreally banal places like Crouch End, required nine MIS operatives. Of course, we also had agents in the Soviet Union. Some were successful, but on the whole spying on a tightly controlled police state did not produce the same returns as spying on a democracy.

We had, therefore, nothing to lose by refusing to play by the rules.

Things have changed. Russia is no longer an enemy, but, on the other hand, it must be an easier place to be a spy now that it is free of Communist control. And it is a necessary place on which to spy. It remains a potentially unstable nation with a vast nuclear arsenal. Knowing what is going on there is probably more important than knowing about countries - such as Libya and Iraq - that are clearly defined as threats. In addition, the world as a whole remains a dangerous and unpredictable place. The paranoid nation state may be resting, but it is not dead. The great game of covert diplomacy must go on.

Yet the news that the Russians are to expel British diplomats for spying comes as a shock, as if Slade or the

Bay City Rollers suddenly had a number one hit. It is news from another era, from a time when James Bond would defuse the wicked hi-tech schemes of the KGB. Somehow, we thought, we had grown out of all that.

And it wasn't just the end of the Cold War that made spying seem dated. There has also been the steady stream of revelations from Oleg Gordievsky and others. These exposed not the exciting world of James Bond, but a drab world of desks and bureaucrats, labouring as much against the demands of their bosses as against the enemy. Plus everybody did it and nobody could provide any objective assessment of gains or losses. It seemed, therefore, an essentially futile activity, a mere ritual whose silliness made it appear contemptible rather than heroic.



BRYAN APPELYARD

But this Russian capture - I am assuming, almost certainly correctly, that we were indeed spying - reminds us that the ritual must continue. It must continue even though it may seem emptier than ever. The primary cause has gone. Our spies are no longer protecting our freedom against a savage totalitarianism. Rather, they are protecting us against a whole range of more nebulous

industrial and economic threats, and an uncertain military environment. Their activities cannot be justified by the formula us-good, them-bad; they can only be justified by the generalised conviction that it is better to know than not to know, better to be ready than to be taken by surprise.

Ultimately, however, traditional spying must be on the way out. Certainly, there is more to know than ever before, and as much need to know. But, at the same time, there is far more knowledge that is available to everybody. The spook rifling a filing cabinet or skulking around an air base is, increasingly, an unnecessarily risky use of manpower. Satellites and computers can penetrate frontiers far more effectively, and the averagely gifted teen hacker can find his way into all kinds of secret systems. Information is every-

where, lying about the place like rubbish on a skip; and, also like rubbish on a skip, some of it can turn out to be surprisingly valuable.

What now counts is understanding. We know, more or less exactly, what the Russian air force can do; what we want to know is whether it will do it. This may be as much a matter of reading newspapers or hunching the right man as breaking into an office or "turning" an informant in the Kremlin.

Our old-fashioned image of spying was based on the belief that there was something to be found out; for example, that in James Bond terms, there was some devastating, exotic piece of technology whose secrets we had to discover. That image was born of an age of technological anxiety, the fear that science was moving so fast and on so many fronts

that it was out of control. Sputnik, the first space shot, enforced the sense that Western confidence in its own technological superiority might be misplaced. And that was combined with our sense of the Soviet Union as a vast, unknown landscape. After the last war, spy planes had to fly over the country just to map it properly. Spying was an expression of our fear of the profound illegibility of the enemy.

That fear is with us still. But now it is not of the doomsday weapon but rather of the scale and formlessness of the available information and of the uncertainty of who, exactly, is the enemy.

So, even though the rules have changed, we cannot stop playing the great intelligence game. But from now on, it really will be intelligence and the players will be thinkers, not shooters. A good thing, too, you may think, but not necessarily a less frightening one.

## A blueprint for schools under Labour

The education guru Claus Moser sets out the path for a Blair government to follow

The best news about education is that it is now truly news. Politicians can no longer doubt there are votes in it. Indeed, almost for the first time, education may survive as a major issue into the election campaign.

There is a massive amount to be done and the key issue must be to improve education arrangements for low achievers and disadvantaged areas. This is where my hopes would be with Labour. It is my firm view that the next government must focus on four crisis priorities - nursery provision, primary schools, the teaching profession and the secondary system.

There is no doubt that success throughout education and indeed beyond depends critically on the early years in nursery school. This is where the groundwork for literacy and numeracy is laid, where interest in many subjects can be stimulated, and - hopefully - the seeds for actually enjoying school sown.

Hence the high priority given by the National Commission on Education - and many others - to nursery education for all three- and four-year-olds. This was backed by the Prime Minister. But then officials got to work, aiming at something less ambitious. So, two and a half years after the Prime Minister's endorsement, all we have is a small pilot experiment, limited to four-year-olds and based on highly controversial voucher finance. A pathetic response to a national need.

I would expect a Labour

government to give this true priority. Provision should cover three- as well as four-year-olds, local authorities being obliged to provide the places. A phased programme should start in deprived areas. Standards must be high, requiring specially trained and qualified teachers. Finance should come from public funds and the voucher system should be scrapped. I hope for universal provision within the lifetime of the next government.

Parallel with this goes priority for our 19,000 primary schools. Many of them are officially judged inadequate, a shameful comment on the Gov-

**We cannot tolerate 15 per cent leaving primary school with limited literacy**

ernment and local authorities. We will need an audit of primary schools, followed by an emergency programme to improve buildings, playgrounds, libraries and equipment. Again the start should be in inner-city, deprived areas.

Class sizes must be brought down. The National Commission proposed that no primary school pupils should be in classes over 30 or, where conditions are particularly difficult, over 20. This is a major challenge, with at present over a million children in classes of

more than 30 and class sizes increasing. (Some official spokesmen have questioned the facts. This is disingenuous. The evidence for smaller classes is overwhelming, especially for the first two primary years). Schemes are also needed to attract good teachers into primary schools, teachers knowledgeable in relevant subjects, as well as in the basics of English and mathematics. To attract first-class heads is the most important of all.

In all this lies the solution for illiteracy and numeracy. We cannot tolerate 15 per cent of children leaving primary schools with limited literacy and 20 per cent with limited numeracy.

Then there is the priority for improvements in the teaching profession. No profession can expect to retain high motivation, if it is constantly run down. We need a more positive tone in the way politicians, officials and the media "talk" about teachers. A less provocative stance from the school inspectors would also do wonders. Of course, inadequate teachers cannot be tolerated. But as a profession they deserve the highest respect. I look to the incoming government to set the tone and to implement the Commission's proposal to establish a General Teaching Council. This is vital to give teachers a proper professional ethos.

Initial teacher training is crucial, deserving increased support, not least in restoring the role of university education departments, so wrongly mar-



Primary school class sizes should be cut to 30, or 20 where conditions are particularly difficult

ginalised in recent years. Re-training on the job is a priority, constant bureaucratic intervention needs to be reduced, support staff strengthened and pay reviewed: in 1974, teachers' salaries were 37 per cent above average non-manual earnings, now they are 1 per cent below. Improved arrangements for selecting and training heads - whose role is totally crucial - need to be developed.

As regards curricula, schools deserve a period of stability, though there is always room for marginal improvements. At primary level the mathematics curriculum needs reform along the lines practised on the Continent, and I also hope that space can be found for a foreign language, so easily learnt in early years.

At secondary level, I hope the arts will find their way back as compulsory after 14, as to save us from producing yet more philistine generations. I hope that a Labour government will replace A-levels with a truly broad and flexible examination. A-levels are no longer appropriate either as school assessments, nor for judging entrants to

higher education or the changing work scene.

I hope that the next government will allow peace to break out in the debate on teaching methods, now rather ludicrously polarised between those who favour whole-class, talk-and-

**I hope peace will break out in the polarised debate on teaching methods**

chalk methods, and those preferring the often derided "progressive" methods. In truth, there is a range of methods which can exist side by side.

As for the secondary system, it should be developed on comprehensive schools at their best. There are many excellent comprehensives, offering opportunities to a wide range of children, not least under-achievers. They can be diverse, with perhaps increasing specialisation, and a whole range of teaching methods, streaming and setting, but not, in my view,

selection. The secret to comprehensive success is that they can attract a true mix of pupils, mixed in ability, background and motivation. I hope that within, say, five years of the next government, many, perhaps most, of the inadequate comprehensives will be turned into attractive schools. This will need determination and resources. But it must be done if all children are to have a fair chance.

I would not engage in the uphill struggle of shutting down grammar and grant-maintained schools. Rather I hope that they will gradually but deliberately be transformed into first-class comprehensives.

There remains the issue of independent schools. In one sense they are a minor problem, since they account for only eight per cent of children, but this is a considerable increase on the 5 per cent of a few years ago, and the figure is already 10 per cent in London. They remain highly privileged, both in what they offer and where they lead. I would look to a Labour government to take a number of steps to integrate them closely with the state system. The assisted places

scheme should go, as should privileged charitable status (unless it is extended to state schools). National curriculum and qualification arrangements should apply to them as to all schools. Above all, ways should be found to extend their facilities to neighbouring state schools. By this I don't just mean swimming pools or chemistry labs. I mean that, wherever practicable, there should be shared teaching arrangements for children from independent and neighbouring state schools. And I would look to universities, and above all to Oxford, to increase the intake of able applicants from state schools.

I look to the next government for an over-arching priority: to improve the lot of children who under-achieve or suffer low teacher and parent expectations, and to improve schools disadvantaged in facilities and conditions. Spending on education is an investment on which economic growth depends, and on which, in turn, what we can spend from public funds depend. The new government must accept this point, and put education truly at the top of its agenda.

*Sir Claus Moser was organiser of the Independent National Commission on Education.*

The daytime television debate: It's more than cosy chats on the sofa, says Rod Natkiel, the man who brought us Anne and Nick, while Polly Toynbee justifies her attack on the 'cheap mish-mash'

## We offer a broad picture, not a stupid vision

Polly Toynbee's dismissive comments about daytime television are as patronising and insulting to the viewers as they are to the performers and programme-makers concerned. By sweepingly describing it as "stupid", she implies that those who loyally tune into the diverse range of BBC and ITV programmes every day between 9am and 5pm are stupid.

Ms Toynbee's remarks indicate that she doesn't understand the very people who, as she acknowledges,

make up the "diverse and intelligent audience" for daytime television. The demands of their tastes and needs have led to an increasingly impressive supply - from incisive factual debates such as *Kilroy and The Time*, *The Place*, through social action issues, to inventive factual entertainment like *Going for a Song*. Even Ms Toynbee has to applaud *Can't Cook, Won't Cook*, the triumphantly successful *Ready Steady Cook*, and out-and-out entertainment shows such as *ITV's Super-*

*market Sweep*. And, of course, there is news, drama, children's programmes and sport. Daytime television viewers have access to almost every genre of the available output. To attack daytime television for failing to take a chance with "new ideas, dangerous formats, risky try-outs and crashing disasters" demeans the rights of those that watch it. Are daytime viewers to be treated like guinea pigs, to be played with at will? Experiments must be meritorious. Anyone involved in live television

knows the risks inherent in the kind of live phone-in debates and interviews that feature daily on both networks.

A cursory glance through the pages of the *Radio Times* that features Ms Toynbee's invective will reveal a great diversity of programme output available throughout every day of the week. And new talent is to be found emerging from all areas of it. How else would new stars such as Dale Winton and Ainsley Harriott have earned their popularity with viewers?

Most puzzling of all, perhaps, is Ms Toynbee's revolutionary suggestion that the public should now have some say in the matter. The BBC carried out an extensive review of its daytime output months ago, drawing upon the opinions of thousands of daytime viewers. The new BBC I schedule that emerges in the autumn will be the true test of whether Ms Toynbee's patronising comments are justified.

*Rod Natkiel is head of Network Television, BBC Pebble Mill.*

## It's time to change this tepid dishwater

Curious what makes news on a thin bank holiday Monday. The papers have been greatly exercised by my column in the *Radio Times*. I wrote that I thought daytime television was mainly old-fashioned tepid dishwater and patronising to its viewers. So what's new?

I called it Stupidvision because presenters, who must be reasonably intelligent people, pretend not to be so on daytime television. You can tell they think of viewers by the way they strain to keep their own brains in constant, grinding first gear. Schedulers target the lowest common denominator, trying to scrape up every last meagre viewer with a cheap mish-mash designed to offend

no-one, but probably delight no-one either. The departure of both *Good Morning with Anne and Nick*, and the *Pebble Mill* lunchtime chat show gives the BBC a chance to think again about how to treat their daytime viewers - though the BBC is by no means the worst offender. Channel 5 will be launched next January, earmarking itself as one of its target zones. Will they all fight one another down lower and lower in the clueless stakes? Or is it time for a clever broadcaster - like the BBC - to lift its gaze?

Daytime audiences are scarce - Richard and Judy saw off Anne and Nick with a mere 1.9 million viewers. That could be liberating, offering

a chance to experiment, since there is less to lose if a show flops. Instead of trying to attract viewers like flies with a thin layer of cheap jam, daytime television should use the freedom for new dangerous formats and risky try-outs. Now it is a graveyard for used producers, low in prestige. Why shouldn't it be a testing ground for new talent, where anyone with a good idea gets a go?

There are some very good quirky shows. But most of the weary mornings and afternoons have a musty fly-blown aura that goes along with the dread word "housewife". At a time when even the mighty Unilever has dropped the housewife as a symbol for its washing products, the televi-

sion schedulers are 20 years out of date. Daytime television matters - the audience is diverse. There are large numbers of the early-retired who are definitely not old. There are many who work shifts, odd hours, work from home or have no work at all. But even if they are old that doesn't make them senile cabbages, nor are women at home with children imbeciles. The assumption that everyone at home is either an underclass no-hoper or a daff brush with Fairy Liquid for brains is insulting. The quality of daytime programming matters, even if it isn't the prestige end of the market. Is any of this really news?

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## obituaries / gazette

## Cardinal Léo Jozef Suenens

Cardinal Léo Jozef Suenens, former Archbishop of Brussels-Malines, the primate of Belgium, was arguably the single most effective promoter of change within the Roman Catholic Church during the 1960s after the two Popes of that era, John XXIII and Paul VI.

His influence permeated the Second Vatican Council (1962-65) despite the suspicion and even antagonism of the more conservative elements in the Roman Curia. His strength lay in three factors: his manifest understanding of the modern world, his ability to convey this understanding in lucid language and, above all, the trust which Pope John and, for a time, Pope Paul, placed in his judgement.

Suenens came from a relatively impoverished background as his father, a Brussels restaurateur, died when he was a small child. When he entered the seminary to become a priest, after showing notable ability at school, he came to the notice of the then Archbishop of Brussels, Cardinal Désiré Mercier, who sent him to Rome, where he took his doctorates in theology and philosophy at the Gregorian University. Ordained priest in 1927, he spent some years in

teaching posts and was briefly an army chaplain before his appointment to the prestigious University of Louvain in 1940 as Vice-Rector. In 1945 he was made an auxiliary bishop and in 1961 Archbishop of Brussels-Malines.

The evolution of his attitudes can be traced in this career. The Gregorian and Louvain were formidable forcing-grounds for his intellectual formation, the pastoral experience of 16 years as an auxiliary bishop made for a realistic assessment of the state of post-war society in Western Europe, and the patronage of Cardinal Mercier put him in touch with the first stirrings of ecumenism – the movement towards Christian unity which Mercier had initiated in the 1920s through the abortive "Malines Conversations" with Lord Halifax. Mercier's dealings with the Church of England, incidentally, may well have been the origin of Suenens's own easy affinity with the Anglican communion both at the high level of Canterbury and York, but also in simpler circumstances such as a lecture and book launch at St Bride's in Fleet Street, which I remember with pleasure as the kind of occasion where the

Cardinal liked to explain that he was neither of the night nor the left in the Church but of "the extreme centre".

An ecumenical vision typified the modernising perceptions which caused Pope John to invite Suenens to advise him early in 1962 on how the upcoming Vatican Council might best be structured. Suenens replied with proposals that not only the role of bishops and relations with other churches should be on the agenda but also the then major questions of nuclear armaments, war and peace, population and birth control. When the first session of the Council floundered under the weight of too much documentation and controversial curial propositions, John called on Suenens and the Archbishop of Milan, Cardinal Montini, to take a major role in reorganising the Council's agenda and methodology. By the opening of the second session in the autumn of 1963, John was dead and Montini was reigning as Pope Paul VI.

Since the new Pope had a sensitivity to the problems of the age very similar to that of Suenens, the Council reflected their concerns accurately. It decreed the updating of Church

liturgy (involving the progressive introduction of vernacular languages in place of Latin) and the understanding of the Church itself as the People of God – involving greater recognition of the role of the local churches and the laity as well as the rights of bishops acting in collaboration with the Pope. It also spoke of the need to acknowledge the good achievements of the modern world as well as the dangers inherent in material values, the oppression of the poor and the nuclear arms race. Ecumenism, involving the truth to be perceived in other churches and the duty to work towards the unity of all Christians, was accepted as a centrepiece of Roman Catholic thinking.

Optimism began to cloud over with the publication of the encyclical *Humanae Vitae* in 1968, most memorable and immediately controversial for its repetition of existing papal condemnations of artificial methods of birth control. While many within the Roman Church and outside it were distressed by the renewed condemnation, the document – which he had tried to dissuade the Pope from issuing – saddened Suenens for other reasons.

A commission appointed by the Pope himself had recommended that the birth-control rule be changed: this advice was rejected, and in arriving at his decision the Pope had not consulted the bishops generally throughout the Church as the Council's doctrine of "collegiality" had seemed to imply would be the norm on matters of special importance. For Suenens this represented the dead hand of the curia at work. He thought he saw it in other aspects of papal policy at the same time and felt that the tendency undermined all authority within the Church. He made his criticisms known through an interview which he gave to the French journal *Informations Catholiques* in 1970 – and carried in English, at his request, in *The Tablet*.

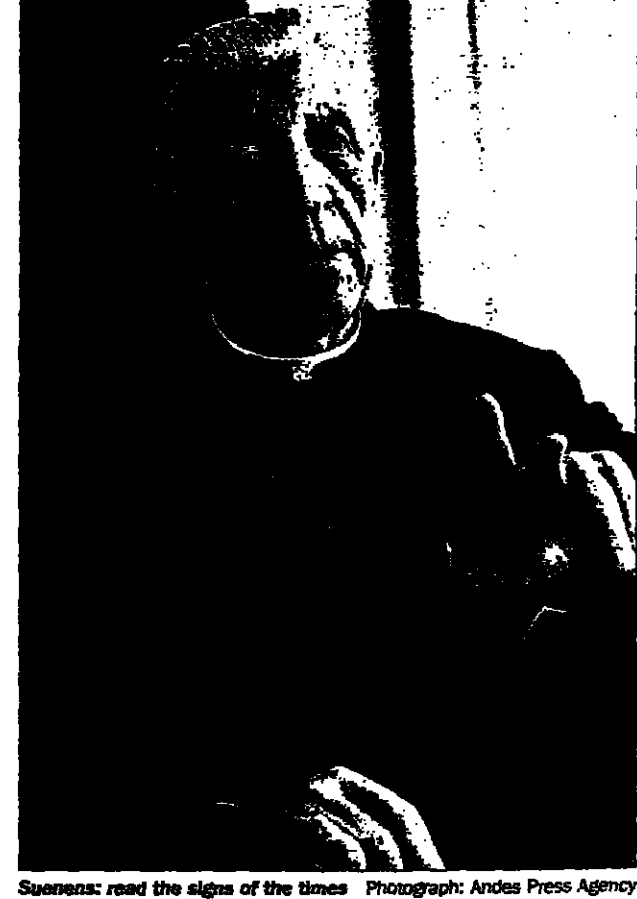
While arguments continued, the role of Suenens as a progressive flagbearer within the Church diminished thereafter. Curial influence proved the stronger, the pace of conciliar reform slowed down and, in the view of Suenens, has actually been reversed in the reign of Paul's eventual successor, the present Pope John Paul II.

Suenens himself turned to promotion of the charismatic re-

newal movement virtually to exclusion of comments on Church policy: as he told a journalist, "I used to be concerned with the motor of the car, now I'm concerned with the petrol". It was the kind of remark he could so often phrase cogently in his excellent English. It was also the kind of analogy drawn from the modern western society which was his pastorate. It explained both his extraordinary influence in the world he understood so well and the discomfiture which his stance in the past had caused in those of older traditions and different perspectives. For the society from which he came, for which he spoke and to whom he addressed his many books, he was a prophet who did as his friend, John XXIII, so often advised: he read the signs of the times.

Louis McRedmond

Léo Jozef Suenens, priest; born Brussels 16 July 1904; ordained priest 1927; Auxiliary Bishop and Vicar-General of the Archdiocese of Malines-Brussels 1965-67; Archbishop of Malines-Brussels and Primate of Belgium 1967-79 (Emeritus); created Cardinal 1962; Moderator of the Vatican Council 1962-65; died 6 May 1996.



Suenens: read the signs of the times Photograph: Andes Press Agency

## Donald Cammell

The first film Donald Cammell co-directed was the remarkable *Performance* (1970), a violent, sexually ambiguous story of East End gangsters and a reclusive rock star which brutally stabbed out the fat end of the Swinging Sixties. It was an exploration of the individual's role in society, and the establishment greatly disliked the fact. Reviews at the time were varied, but most memorable perhaps was John Simon of *New York* magazine, who said it was "the most vile film ever made".

*Performance* was not only radical, it was an exciting work of art – breaking barriers for the first time. It quickly became a milestone of the day, and many of its techniques – cross-cutting, sound which didn't relate to the image, its clever editing and general disjointedness – had an incredible influence on other directors' work. It became and still is a cult movie. The house in Lowndes Square used in the



Cammell: radical

film, belonging to Captain Leonard Plugge MP, became the butt of popular investigative journalism – questions were asked as to what was going on in this respectable Belgraveia community and whether real drugs were being used in the film. James Fox, its star, found the experience of making *Performance* – and its subject matter – so disturbing that he retired from acting for 15 years.

Donald Cammell was named Seton after his godfather, the much respected Scottish naturalist Seton Gordon. He was born in Edinburgh in the Outlook Tower by the castle; his father Charles was a writer, poet and keen Scottish Nationalist and his mother Iona was a MacDonald. Both parents thought Donald had been born with a particularly artistic and imaginative star to guide and protect him.

He was educated at Westminster, but left early to concentrate on art. After studying drawing and painting at the Byam Shaw School of Art, he won a scholarship to the Royal Academy Schools and then moved to Florence to study with Pietro Annigoni. Back in London, he became a fashionable portrait painter. His subjects included the society photographer Claude Virgin III and his bridegroom, and the young Marquess of Dufferin and Ava dressed as a page at the Queen's coronation.

In the mid-Fifties, Chelsea and the King's Road beckoned. Cammell moved into a studio



"The most vile film ever made": Anita Pallenberg and James Fox in *Performance*

Photograph: Ronald Grant Archive

in Flood Street which, thanks to his talent and charm, became a mecca for a remarkable number of beautiful women and a meeting-place for the "in" crowd, including Antony Armstrong-Jones. One of the women was Maria Andipia, a Greek actress (who later featured in the film *A High Wind in Jamaica*, 1965, and *From Russia With Love*, 1963), whom he married when he was 20, and by whom he had a son.

By the mid-1960s, Cammell had become uneasy with London. He wanted to live a "modern" life and found portrait-painting restrictive, but abstract art was alien to him. Hoping to encounter a different outlook, he moved first to Paris, and then to Los Angeles.

The first film he scripted was *Duffy* in 1967, starring James Coburn and James Fox, but he was unhappy with the end result. He clearly thought

that writing and directing together was his destiny – that way he would have control of his material. Shortly afterwards he wrote *Performance*, and helped by his friendship with Mick Jagger, persuaded Warner Bros to give him his chance to make it himself. A team was formed with Sanford Lieberson as producer, the lighting cameraman Nicholas Roeg as joint director, and Cammell's younger brother David as associate producer.

Shot in 1969, the first cut revealed one of the first really adult movies. Warner Bros were horrified and wanted to bury it. However, despite divided opinion, the film was finally released over two years later in 1972.

Certainly *Performance* startled and provoked, and should have provided a gateway to Donald Cammell's subsequent career. Sadly, Hollywood thought differently. Instead Cammell survived by develop-

ing and scripting countless screenplays including *White of the Eye* (1987) and *Demon Seed* (1977), in which Julie Christie gave one of her greatest performances.

*The Wild Side*, starring Christopher Walken and Joan Chen, was shot last year, but Cammell was unhappy with the cut made by New Image, the production company, and he removed his name from the credits. Other scripts involving Marion Brando, "Jericho" and "Fantan", have yet to come to fruition.

Michael Parkin

It is an admittedly minor question, writes John Lyttle. Nevertheless, it has tantalised movie buffs since *Performance* was released, and will tease all the more in the wake of Donald Cammell's death: whose style – whose signature – is most stamped on what is, in many ways, the ultimate cult movie? Cammell's or his co-director Nicholas Roeg's, a question rendered all the more problematic – or idle – by the fact that both were making directorial debuts?

The obvious answer would seem to be Roeg. The splintered style, the swirling camerawork, the intense colours and reliance on scripts best described as hallucinatory (*Eureka*, *Bad Timing*, *Walkabout*) that mark his later work are abundantly present in *Performance*. But this impression is partially false. We think of *Performance* as Roeg's first fully-fledged vision because we're so much more

aware of the Roeg canon. He, like Cammell, would have collisions with the studio system, but Roeg's movies would (until recently) receive wide distribution. Cammell's commercial misfires – namely the misogynist nightmare *Demon Seed* and the serial killer thriller *White of the Eye* – have barely seen the light of day, and, unfortunately, seldom revived, so very few know that they are as visually extravagant and as dislocated as anything Roeg has offered.

The extraordinary *White of the Eye* in particular traffics in flashbacks, fast-cutting and a use of filters that simultaneously recalls Roeg while seeming the essence of Cammell. Likewise the film's voyeuristic detachment from, but plain fascination with, the killer's sexuality and his convoluted relationship with his wife recalls *Performance* at its finest, as well as echoing *Bad Timing*.

So the puzzle of authorship remains. It puzzle it is. Perhaps *Performance* was – is – no more, and no less, than a meeting of minds. And technique. And obsessions. Whatever, it remains both men's crowning achievement, unless Cammell's *The Wild Side* springs a last minute surprise equal to *White of the Eye*'s explosive finale.

Donald Seton Cammell, scriptwriter, director; born Edinburgh 17 January 1934; married 1954 Maria Andipia (one son; marriage dissolved); 1978 China Kong; died Los Angeles 24 April 1996.

## Hermann Kesten

National literatures are peppered with so-called living monuments, last surviving representatives of this and that, often more dreamed up than verifiable. It is, however, difficult to avoid the conclusion that, with the death of Hermann Kesten, an entire chapter of German literary history really has closed. And not only literary history – Kesten's presence at the points where literature and politics met or, more often, collided derived from his own clear sense that literature needed to be not only written but also promoted, organised and protected.

Kesten was born in Nuremberg in 1900, son of a Jewish merchant. In the early 1920s, while a student in Frankfurt, he was already writing plays and forging literary plans. Even at

this early stage he seems to have envisaged twin careers for himself, as a writer and as a publisher. Personal contacts – Kesten always relished the company of fellow writers and publishers – facilitated the move to Berlin to take up, in 1928, a post as an editor with the left-wing publisher Kiepenheuer. In the same year he published his first novel, *Josef sucht die Freiheit* ("Josef breaks free"). Reviewers were enthusiastic, and Kesten was awarded the prestigious Kleist Prize.

Two more novels quickly followed: *Ein ausschweifendes Mensch* ("Running Riot", 1929) and *Glückliche Menschen* ("Happy Man", 1931). Both were judged highly topical and were well received – the last was chosen as book of the year by Thomas Mann.

But his other career was not neglected. Kesten was a key figure in the innovative literary programme of Kiepenheuer. In 1929 he published a collection of new writing by 24 authors, a selection so judiciously representative that it was reprinted more than 50 years later. Kesten's publishing gifts were brought into even sharper, if unwelcome, focus by the catastrophic turn of events in 1933. Kesten saw where the turn was likely to lead: early in 1935 his friend and fellow-novelist Erich Kästner met him on the Kurfürstendamm, suitcase in hand – "Where are you going?" Kästner asked. "Paris." "For long?" "About 10 years," Kesten replied. He was in one sense nearly right, in another wholly wrong – he never again permanently settled in Germany.

In Paris Kesten began working for the Amsterdam publisher Albert de Lange. Amsterdam became a centre of exile for German book-publishing in the 1930s and Kesten, who moved there and became part of it, took seriously the task of creating communities and preserving continuities, editing banned writers known and unknown, past and present, from Heinrich Heine to Bertolt Brecht. His support of exiled writers was well known and it could take remarkably creative forms: in 1935 he wrote to his friend Klaus Mann suggesting "You should write a novel about a homosexual careerist in the Third Reich." Mann did – *Mephisto* was the result.

In 1940 Kesten emigrated to New York and later acquired American citizenship. Here too,

as a central figure in the Emergency Rescue Committee, he assisted other refugee writers and, with Klaus Mann, edited a hugely influential anthology of European creative writing from 1920 to 1940, called *Heart of Europe*.

Throughout the Hitler years and beyond Kesten continued to write prolifically. Indeed the experience of those troubled times yielded fiction and non-fiction: novels tracing contrasting fates – *Die Zwillinge von Nürnberg* ("The Twins of Nuremberg", 1946) – or a Jew's recovery, against the odds, of his faith – *Die fremden Götter* ("Strange Gods", 1949) – or biographies of seekers after various forms of freedom – *Copernicus* (1948) and *Casanova* (1952).

Kesten's periodic moves (he lived in New York, in Munich,

in Switzerland and for many years in Rome) did not sever his links with Germany. Distance and seniority gave him a special status as Germany, and German literature in particular, emerged from the ruins. In the 47 Group, by far most influential grouping of writers and critics in the 1950s and early 1960s, he was regarded as "the Old Master". "The kindly, almost paternal mentor", he embodied, it seemed, a continuity reaching back into the far-distant 1920s. The recognition was there – Kesten received many prizes, was elected President of West German PEN in 1972 – but mentors are more likely to fall behind than to lead. After speaking out against what he wrongly saw as the Communist sympathies of one of Germany's most promising writers, Uwe

Johnson, in the early 1960s, he was increasingly seen – and sidelined – as an old-style liberal in a literary culture that sought newer styles of political commitment.

But the "paternal mentor" was no casual tag. The creative, preservative effects of Kesten's commitment to fellow writers during the dark years are incalculable. Nor is it incongruous that in one so committed to unbroken continuities his own early novels should seem to have lasted best. The three novels published between 1929 and 1931, with their ironically matter-of-fact handling of often macabre events are among the most vivid accounts in fiction of the moral chaos at the end of the Weimar Republic. As the critic Arthur Benjamin said, "Kesten's powerful realist gaze



Kesten: "the Old Master" Photograph: Hulton Getty

was penetrating those places where the world was trying to batten down the hatches."

Philip Brady

Hermann Kesten, author, publisher; born Nuremberg 1900; married Toni Warwitz (died 1977); died Basel, Switzerland 3 May 1996.

## BIRTHS

MORGAN: To Alice (née Reid) and Daniel, on 4 May, a son, Frederick Mark Edward.

## DEATHS

CAMPBELL-PRESTON: On Thursday 2 May 1996, as a result of an accident in Tanzania, Laura, 18, beloved daughter of Robert and Rosie Campbell-Preston, and sister of Clare, Patrick and Emma. Service on Friday 10 May at 11.15pm. Flowers to 121 Kenyon, 49 Market Road, London W8, telephone 0171-937 0757.

CHALLIS: James Thomas of Canterbury, husband of Brenda, father of Jacqueline, Ben and Tim. Died peacefully 3 May in the Pilgrims' Hospice after a few weeks of illness, aged 66. Cremation on 10 May at Barking. No flowers, but donations to "Child Workers in Asia", Royal Bank of Scotland, Canterbury.

GIBSON: On 3 May 1996, Eibel, formerly of Borden, Cheshire, and lately of Oakwood House, Stalybridge, the beloved wife of the late Gordon Gibson and the dear mother of the late Dr Ian Gibson. Grateful thanks toward St Thomas' Hospice for their tender care. Funeral service at Dulwich Crematorium on Friday 10 May 1996 at 3pm. Enquiries to Vernon's Funeral Service, Ashford under-Lyne, telephone 0161-339 0599.

## Births, Marriages &amp; Deaths

GRILLER: On 26 April, Honor Elizabeth, beloved mother of Catherine, Pinner and Arnold Griller. Funeral service at Mortlake Crematorium on Friday 10 May at 1.15pm. Flowers to 121 Kenyon, 49 Market Road, London W8, telephone 0171-937 0757.

Announcements for Deaths, Births, Marriages & Deaths (Births, Adoptions, Marriages, Deaths, Memorial services, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephone 0171-233 2011 (answering machine 0171-233 2012) or faxed to 0171-233 2010, and are charged at £10 a line, VAT extra. (VAT extra). OTHER Gazette announcements (notices, funerals, forthcoming marriages, marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number.

The Independent's main switchboard number is 0171-233 2000.

## Birthdays

Sir David Attenborough, broadcaster and naturalist, 70; Mr Peter Benchley, author, 56; Lord Blyth of Rivington, chief executive and deputy chairman, Boots, 56; Mr Jack Charlton, football manager, 61; Dr Sir Anthony Dawson, consulting physician, former physician to the Queen, 68; Sir Ian Dambit, chairman, J & J Dambit, 69; Miss Virginia Durante, ballerina, 29; Viscount Falkland, former chief executive, C.I. Bowring (Trading) Holdings, 61; Mr Gary Giller, rock performer, 52; Miss Heather Harper, soprano, 66; Lord Hoffman, a Lord of Appeal in Ordinary, 54; Lord Jauncey of Tullichettle, a Lord of Appeal in Ordinary, 71; Mr David Kendall, chairman, Rubicon, 61; Mr Norman Lamont MP, former Chancellor of the Exchequer, 54; The Right Rev Graham Leonard, former Bishop of London, 75; Miss Felicity Lott, soprano, 49; Lord Merton of Lindsay, deputy chairman of Committees, and a Deputy Speaker, House of Lords, 82; Vice-Admiral Sir Neville Parvis, chief executive, British Standards Institution, 60; Dr John Reid MP, 48; Mr Alastair Service, writer, publisher, campaigner and

chairman, Withshire and Bath District Health Authority, 63; Air Marshal Sir Michael Simmons, secretary, Council of Justice for Animals and Humane Slaughter Association, 59; Sir Ronald Whitehouse, former High Court judge, 70; Sir Philip Whitton, former deputy chairman, National Westminster Bank, 69.

## Anniversaries

Britten Karl Szanitz, composer, baptised, 1745; Johann Baptist Gumbach, composer, 1776; Thomas Hancock, pioneer of rubber manufacture, 1786; Saint Jean Baptiste Marie Vianney, priest and teacher, 1785; François-Auguste Marie Miguet, historian, 1796; Jean-Henri Dunant, founder of the Red Cross, 1828; Moreton Frewen MP, writer and entrepreneur, 1833; John Meade Falkner, novelist, 1858; Harry S. Truman, 33rd US president, 1884; John Derrick Mordaunt Snagge, broadcaster, 1904; Deaths: John Stuart Mill, political economist, 1873; Gustave Flaubert, novelist, 1880; Michael Pasha, statesman, 1884; Eugène Henri Paul Gauguin, post-Impressionist painter, 1903; Oswald Spengler, philosopher, 1936; Dame Eibel Mary Smyth, composer and suf-

fragist, 1944; Harry Gordon Selfridge, founder of Selfridge's department store, 1947; Emanuel, Baron Shinwell, statesman, 1966. On this day, the Act of Uniformity was signed by Queen Elizabeth I, 1559; the British monarchy was restored, 1660; the "People's Charter" was issued by the Working Men's Association, 1839; the US forces defeated the Mexicans at the Battle of Palo Alto, 1846; Mount Pelée on Martinique erupted, destroying the city of St Pierre and killing 38,000 people, 1902; Victory in Europe Day (VE Day) took place, 1945; John Osborne's play *Look Back in Anger* was first performed, Royal Court Theatre, London, 1956. Today is the Feast Day of St Aschasis or Agathos, St Benedict II, pope, St Boniface IV, pope, St Desiderius or Desire of Bourges, St Gildard, St Olger, St Peter of Tarentaise, St Pielhelm, St Victor Maurus and St Wiro.

## Lectures

National Gallery: Elizabeth Allen, "Holbein (II): Portrait of Erasmus", 1pm. University College London, London WC1: Professor Christopher H. Fry, "Understanding Music Dys-

function: experiences with the heart and bladder", 5.30pm. Tate Gallery: Nan Goldin, "Ballad of Sexual Dependency", 6.30pm. Loughborough University: Professor Sir Robert May, "Biological Diversity: yesterday, today and tomorrow", 4.30pm.

## Luncheons

Institute of Physics. A luncheon was held by the Institute of Physics yesterday at the Goring Hotel, London SW1, for representatives of the Institute's Corporate Affiliate Companies. Dr C.A.P. Powell, Immediate Past President, presided.

## Italian Cultural Institute

An Interfaith Dialogue Meeting was held yesterday at the Italian Cultural Institute, London SW1. Among those present were:

Mr Shmuel Hadari, Israeli Ambassador to the Holy See; Lord Wedderburn; The Rev Wilfrid Forster, of the Templeton Foundation; Dr Zaid Badawi, of the Muslim Council; Mr Sabi Rashedin, Calcutta Foundation; Rabbi H. Gryn; Rabbi J. Magness; Mr Greville James MP; Mr Ruth Weir.

## ROYAL ENGAGEMENTS

The Queen and The Duke of Edinburgh attend a Service of the Order of the British Empire in St Paul's Cathedral, London EC4. The Duke of Edinburgh, Freeman and Liverton, attends the Fellowship Company Court Ladies Dinner at Fishmongers' Hall, London EC4. Prince Edward, Patron, Oseba Youth Club, attends a private view of tautical pictures and memorabilia at Christie's South Kensington, London SW7. The Princess Royal opens the new Newmarket Hospital, Newmarket, Suffolk, at Farnon, Animal Health Trust, attends the Princess Royal's Industry Committee Meeting, opens the Guide Dogs for the Blind Association Centre for Small Animal Studies, attends the Council of Management AGM at Llanwrda Hall, Kenner, and attends the Industry Committee Dinner at the Dorchester House Hotel, London W1; and at Farnon, National Association of Citizens Advice Bureaux, visits Bury St Edmunds Citizens Advice Bureau, Bury St Edmunds, Suffolk. Princess Margaret, President, the National Society for the Prevention of Cruelty to

Children, opens the Society's Coventry Children's Centre, Coventry; and attends a performance at the Birmingham Hippodrome in aid of the NSPCC by the Birmingham Royal Ballet, of which she is President. The Duchess of Gloucester opens the new surgical block at St Michael's Hospital, Hayle; opens the new extension at Duchy Hospital, Truro; as Patron, National Autism Campaign, visits the Autism Information Centre, St Austell; and attends a presentation given by members of the Ashmole Book Team in Cornwall, at John Kenyon House, St Austell, Cornwall. Princess Alexandra visits the Louth County Hospital, Louth, Lincolnshire, and opens the office of Lincolnshire Rural Housing Association Limited at Markine House, Spilsby, Lincolnshire.

## Changing of the Guard

The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; 14 Battalion Welsh Guards mounts the Queen's Guard, at Buckingham Palace, 11.30am, band provided by the Welsh Guards.

## Wills

Mr Terence Tension Cates, the painter, left estate valued at £1,394,146 net. Sir Archibald David Manisty Ross, of London SW7, former Ambassador

to Spain and Portugal, and to Sweden, left estate valued at £403,256 net. Mr Harold Lawrence Smith, of Scisdon, Staffordshire, left estate valued at £4,621,494 net. He left £2,500 to All Saints Church, Thysall, and £1,000 to the RNLI.



### Exchange Rates

Foreign Exchange Rates

STERLING				DOLLAR				D-MARK	
Country	Spot	1 month	3 months	Spot	1 month	3 months		Spot	3 months
US	1503	9-7	21-8	1000				08575	
Canada	2363	11-3	52-37	13665	2-1			08260	
Germany	2196	9-5	52-19	987	2-1	84-81		10000	
France	746	92-55	426-45	5143	73-86	237-37		3185	
Italy	2525	75-90	273-40	5566	67-4	170-82		12222	
Japan	1658	75-70	225-28	9459	49-4	98-23		69046	
India	1294	10-1	57-10	12342	7-6	20-25		83326	
Belgium	4228	12-9	34-10	12190	8-5	16-5		22504	
Denmark	8506	107-19	528-48	5859	35-45	170-520		13562	
Netherlands	2585	10-1	52-34	17002	35-82	197-102		1178	
Sweden	1252	10-6	26-8	15550	47	19-17		04200	
Norway	3678	16-14	523-23	6561	47-4	19-37		12049	
Spain	1491	10-1	52-34	12935	23-87	197-102		833840	
Switzerland	1284	66-58	294-10	12803	31-82	280-29		44846	
Australia	1898	28-31	67-45	12803	31-82	280-29		10359	
Hong Kong	11032	91-85	224-70	27860	2-2	5-35		03879	
Malaysia	3789	0-0	0-0	24808	4-4	85-80		02838	
New Zealand	2530	45-57	155-59	37502	2-7	9-1		24681	
Saudi Arabia	1254	0-0	0-0	14030	40-50	100-90		00828	
Singapore	2229	0-0	0-0						

OTHER SPOT RATES

Country	Spot	1 month	3 months	Country	Spot	1 month	3 months
Argentina	1976		03559	Nigeria	6845		
Brazil	1550		07048	Pakistan	6369		
Canada	2363		02852	Philippines	3270		
China	1331		03500	Portugal	23624		
Colombia	1281		03500	South Africa	55439		
Cuba	24219		00000	Switzerland	1284		
Dominican	11032		00000	Thailand	41074		
France	746		03500	Turkey	145		
Germany	2196		03500	USA	1000		
Ghana	1294		03500	West Indies	1000		
India	1658		03500	Yemen	1000		
Indonesia	1294		03500				
Italy	2525		03500				
Japan	1658		03500				
Korea	1294		03500				

Notes: All rates are quoted as to 100 unless otherwise stated. \* denotes subject to bank rates. \*\* denotes quoted for 100. All rates are subject to change without notice. All rates are subject





## Treasury to lower growth expectations

DIANE COYLE  
Economics Editor

The Treasury will revise down its growth target for the economy this year in its summer forecast, due to be published early in July, despite Chancellor Kenneth Clarke's insistence that strong consumer spending will boost the economy.

The move is likely to increase pressure from Conservative backbenchers for further cuts in the cost of borrowing later this year. Many see buoyant

growth as essential to their re-election chances.

City analysts do not, however, expect Mr Clarke to rush to reduce base rates after his monthly meeting this morning with Eddie George, Governor of the Bank of England. The Chancellor has cut rates three times since December to their current 6 per cent level.

In last November's Budget Mr Clarke predicted 3 per cent growth in GDP in 1996. The Treasury is likely to cut this to 2.5-2.7 per cent, reflecting

weaker export markets and continuing stagnation in manufacturing industry.

The Treasury's caution mirrors similar revisions by other forecasters—including some of its panel of "wise persons"—who had been relatively optimistic about the pace of growth.

The Organisation for Economic Co-operation and Development will publish a revised outlook for the UK at the end of this month showing that its experts are not confident of a significant pick-up in the economy during the rest of this year. It will cut its forecast from the 2.4 per cent published in December, although the downgrade is unlikely to be as dramatic as draft documents have suggested.

The tone of the think-tank's annual report on the UK remains optimistic about the medium-term outlook for the economy. But, given the potentially embarrassing downward revision ahead of an election campaign, its publication has been brought forward

as early as possible from the usual midsummer date.

Other prominent economists are shading down their predictions for growth this year. They include the London Business School, whose latest outlook was released last week, and the National Institute for Economic and Social Research, which publishes a new prediction in 10 days' time.

Andrew Sentance, director of the LBS's Centre for Economic Forecasting, said: "The rate of growth is likely to pick up

during the course of this year, but it would not be credible for the Chancellor to stick to a 3 per cent forecast." The Treasury would have to concede that the international environment had weakened, he said.

Martin Weale, director of the Institute and one of the Treasury's panel, said: "It would be too pessimistic to predict that there will be no improvement during the year. However, the Chancellor's chance of meeting 3 per cent is only one in five. It is not very likely."

The financial markets also expect the economy to strengthen. Traders in the futures market are betting that base rates will start rising from their current level by the autumn.

Recent preliminary figures show that the economy grew by 0.4 per cent during the first quarter of this year, taking GDP to a level only 2 per cent higher than a year earlier. The Office for National Statistics reported that the service industries expanded by 0.5 per cent during the first quarter, down

from a 0.8 per cent increase in the final quarter of last year.

But many economists think the preliminary estimates will be revised up, as they were for the fourth quarter of 1995. Some forecasters who had been at the pessimistic end of the range about this year's outlook have recently upgraded their figures.

The Treasury's monthly summary of forecasts for the UK economy showed that the average new prediction for GDP growth in 1996 was 2.4 per cent, up from 2.3 per cent.

## Midlands counter-bid battle recedes

MICHAEL HARRISON

The prospect of a contested bid battle for Midlands Electricity looked to be receding last night, clearing the way for it to become the third regional power company to fall under the US invasion of the industry.

The £1.7bn agreed bid yesterday from the Ohio-based electricity supplier Cinergy and General Public Utilities of New Jersey was not as high as some analysts had forecast, valuing Midlands at 440p a share.

But industry sources played down the likelihood of Houston Industries, the rumoured counter-bidder, coming in with a rival offer. Meanwhile, Merrill Lynch, brokers to Cinergy and GPU, went into the market, buying 28 million shares in Midlands at 432p and lifting their stake to just over 9 per cent.

Bryan Townsend, chairman of Midlands, pledged that the takeover would not result in job losses and forecast that the alliance with the two US groups would produce a "formidable combination" in the world energy market.

Together the two US utilities supply 3.3 million customers in Ohio, Indiana, Kentucky, New Jersey and Pennsylvania and operate 25,000 megawatts of generating plant. They have combined assets of \$18bn (£12bn) and a combined market capitalisation of \$8bn.

Avon Energy, the joint company formed by Cinergy and GPU to bid for Midlands, will finance the offer with about

\$1bn of equity while a further £1.5bn of debt is being raised by its bankers, Chase and BZW.

The offer values Midlands at 14.1 times last year's earnings, making it the second most expensive in the sector and represents a premium of 20 per cent over the bid by PowerGen, which was blocked two weeks ago by the President of the Board of Trade, Ian Lang.

Midlands directors will make \$876,000 by cashing in their shares in the company but none of the board stand to make bonanza profits from share options.

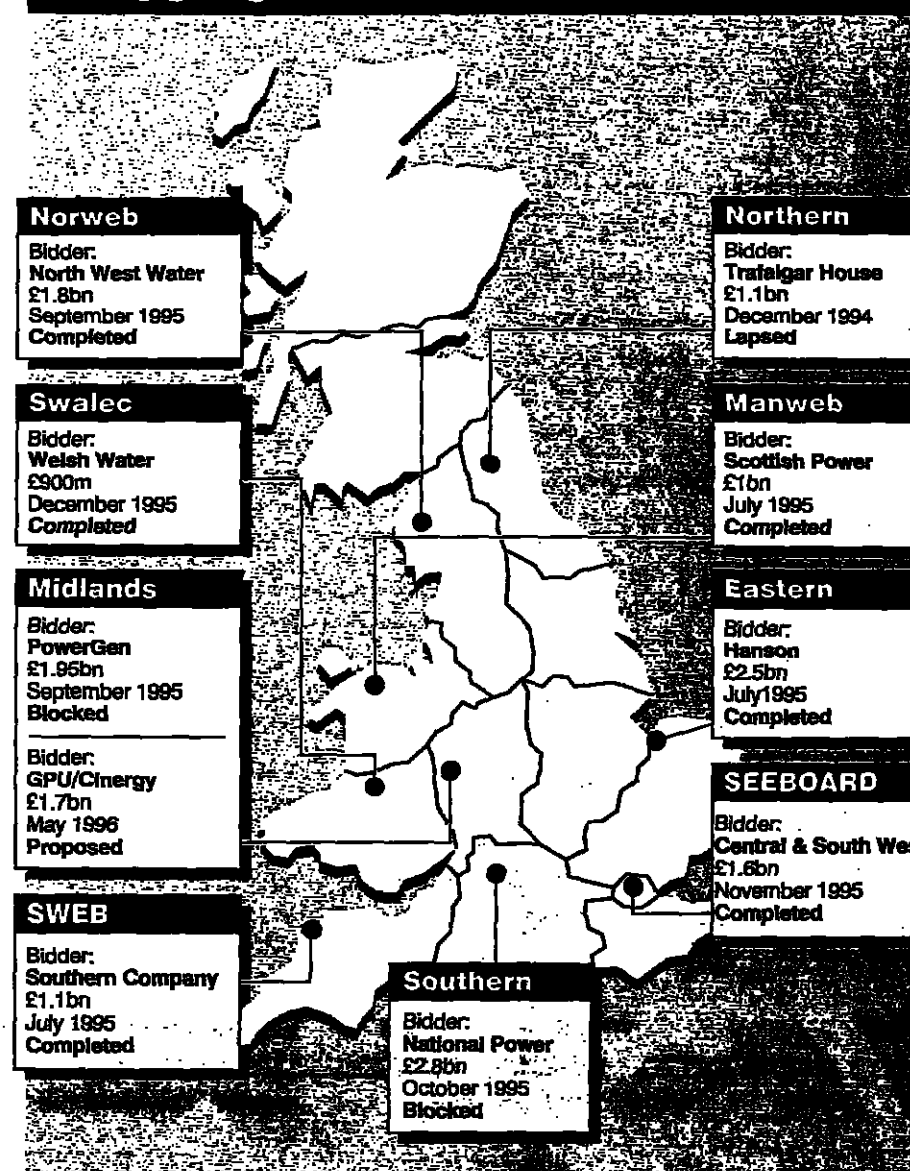
PowerGen, which holds a crucial 21 per cent stake in Midlands, said last night that it had not been approached by the US bidders and was sitting tight on the holding, which is currently showing a £70m profit. A spokesman said it had not yet decided whether to sell the stake or to apply for a judicial review of the Lang decision.

Since Mr Lang has cleared two takeovers of regional electricity companies by US utilities—Southern Company's bid for SWEB and Central and South West's acquisition of Seaboard—it would seem unlikely that this latest bid will be blocked.

However, in the wake of market confusion caused by the Government's recent rulings on bids in the power sector, nothing is being taken for granted.

Mr Townsend allied fears that the takeover would mean more job losses on top of the 1,200 in the last two years that have taken the core workforce down to 4,200. But he conceded

## Plugging into the takeover circuit



that jobs would disappear as Midlands continued to improve its efficiency.

Michael Hughes, who will remain as Midlands chief executive, forecast that the takeover would present opportunities in

international markets while helping Midlands prepare for the opening up of the domestic electricity and gas markets in 1998. Cinergy is also a significant player in the gas market with 434,000 gas customers in the US.

Midlands owns about 600MW of capacity in the UK through 25 per cent stakes in Teesside Power and Humber Power and is close to signing deals to build gas-fired stations in Turkey and Pakistan.

## Norris barred for three years over Barings

JOHN EISENHAMMER  
Financial Editor

Peter Norris, the former chief executive of Barings, was yesterday barred from holding any management position in the investment banking industry for at least three years. The Securities and Futures Authority, the City watchdog, found Mr Norris' part in the collapse of Britain's oldest merchant bank amounted to a serious failure of his managerial duties. He was also fined £10,000.

However, following negotiations over the terms of the disciplinary settlement, the SFA stepped back from declaring Mr Norris, who is 41, to be not "fit and proper" to work in the securities business. After the ban, he will be able to reapply for registration with the SFA.

Yesterday was the first successful disciplining of one of the former senior Barings executives who were in charge when the bank crashed under nearly £900m of unauthorised derivatives losses. Most of the other eight former executives who have been investigated are expected, however, to contest the watchdog's disciplinary findings.

Ron Baker, who was the direct boss of Nick Leeson, the imprisoned rogue trader who carried out the disastrous speculation, yesterday presented the SFA with a detailed rebuttal of its charges. Declaring himself determined to clear his name of the unjust criticisms, Mr Baker has opted to take the matter to the SFA tribunal. It is understood that the punishment proposed by the SFA for Mr Baker is similar to that agreed with Mr Norris.

Mr Baker's deputy in charge of the Barings derivatives business at the time of the crash, Mary Walz, is also believed to be contesting the SFA's findings before a tribunal. Five other former executives are facing penalties ranging from one- to three-year bans and fines of between £5,000 and £10,000.

Ian Hopkins, the former head of group treasury and risk, has taken the unusual course of refusing to comply with the SFA's disciplinary process. Mr Hopkins has told the SFA he does not intend to submit a defence to a tribunal on the grounds that it will be unable to reach a fair verdict.

Instead, Mr Hopkins has made a detailed submission to the Commons Treasury Select Committee, which will be holding hearings into the Barings collapse next Wednesday. However, Mr Hopkins is not among the four former Barings executives—Peter Barings, the chairman, Andrew Tuckey, the



Peter Norris: A serious failure of duties

deputy chairman, Mr Norris, and Geoffrey Barnett, chief operating officer—who have been invited by the committee to appear before it.

The SFA said Mr Norris admitted he "failed to act with due skill, care and diligence" regarding the massive positions run up by Barings in its dealings between the Singapore and Japanese exchanges. He also failed to deal "with sufficient promptness and firmness" with a key clue that could have unmasked Leeson's dealings, a £50m discrepancy uncovered by Barings' auditors in January 1995.

In determining the discipline for Mr Norris, the SFA said it had taken into account the fact that he had not previously been the subject of disciplinary action and had co-operated with the watchdog in its investigations.

In the detailed defence document handed yesterday to the SFA, Mr Baker's lawyers, Fox Williams, argued that he was being unjustly sanctioned for management failures outside of his responsibility. It pointed out that Mr Baker was in charge of Barings' house derivatives business and not the agency trading Mr Leeson was involved in. It also argues that he only took formal responsibility for Leeson in January 1995, while the fraud trading had been going on since 1992.

Regarding the costs of his defence, Mr Baker said: "In my own mind I have written off £100,000 as a worst-case scenario, but it could even end up as more."

In March, the SFA formally cleared the two most senior former Barings executives, Peter Barings and Andrew Tuckey, of responsibility for the collapse of the 233-year-old bank.

## Sky plans 200 digital channels

MATTHEW HORSMAN  
Media Editor

BSkyB, the satellite broadcasting company, plans to launch 200 digital television channels from autumn of next year, using capacity on a soon-to-be-launched Astra digital satellite, the company's chief executive, Sam Chisholm, confirmed yesterday.

The service would be available to any home in the UK equipped with a digital decoder, which Sky hopes will be priced at about £200.

Between 60 and 100 channels will be used to broadcast films on "near demand", with start times staggered so that viewers need not wait more than 15 minutes before the start of a chosen film.

Mr Chisholm said the contracts with Hollywood studios would mean sharing the revenues from pay-per-view.

News of Sky's digital plans came as the company unveiled record pre-tax profits ahead 71 per cent to £178m, on turnover of £766m, in the nine months to 31 March.

"The excellent financial performance reflects the continued growth in our subscriber base,"

Mr Chisholm said. The new digital services would free up capacity on existing satellites, which could then be used to broadcast channels for continental Europe, Sky sources said.

BSkyB, 40 per cent owned by Rupert Murdoch's News Corporation, recently announced a joint venture with three continental media companies to launch new pay-TV services in Europe, starting in Germany.

BSkyB's shares rose 8p to 462p on the results, but settled back to 454p, flat on the day. Analysts said the figures were in line with expectations, and sounded a cautious note about future earnings potential.

"There are real concerns about the regulatory environment," said one leading analyst. The pay-TV market in the UK is currently the subject of an inquiry by the Office of Fair Trading, following complaints by cable operators over the terms under which Sky's satellite programming is supplied to them. They say Sky's near-monopoly over programming, satellite capacity and subscription-management systems makes the company the effective "gatekeeper" in pay-TV.

"If the OFT does not do something, then European competition authorities probably will," said another media analyst. "Either way, the current trends are probably not sustainable."

The European Commission has also expressed concern about the company's dominant position in the pay-TV industry, and is believed to be studying the implications of BSkyB's

continental alliance.

In the UK, the OFT inquiry is "a very crucial issue as Sky positions themselves for digital", Anthony de Larrinaga, analyst at Panmure Gordon, said.

Sky sources discounted the effects of any OFT intervention. They claim that the new digital platform would be open to other broadcasters, on a "fair and equitable basis".

But competitors are not convinced. "There is a very real fear that Sky will dominate digital just as they have dominated analogue," said a source at a leading cable operator.

Management at BSkyB said the company's new digital programming services would allow it to continue to push up both subscription fees and the number of subscribers.

Year-on-year, Sky has added 800,000 new subscribers, taking the total to 5.35 million, or one-in-five UK households. But the current analogue satellite service is faced with severe capacity restraints. "They need digital to allow them to add new programme services," Louise Barton, analyst at Henderson Crosthwaite, said.

Comment, page 19

## BP forecourts suffer in petrol price war

PATRICK TOOHER

British Petroleum is losing money at the petrol pumps as a result of the forecourt price war between the oil big names and supermarkets.

"There are just too many petrol stations," said BP chief executive John Browne, yesterday. He added that further restructuring was inevitable.

In the first quarter of 1996, BP's UK refining and marketing division lost £4m. BP blamed the shortfall in its downstream division on weaker marketing margins "due to continuing competitive pressures, especially in the UK".

BP is the third-largest petrol supplier in the UK after Esso, which initiated the price-cutting campaign to win market share from the supermarkets, and Shell.

Mr Browne said BP had raised its share of the UK petrol market by 1 percentage point during the period but rising crude oil prices had cut product gains. Attempts have recently been made to lift petrol prices, he added.

BP will have an estimated 16 per cent share of the UK market if the European Commission gives the go-ahead to a proposed merger of its European fuel operations with Mobil. The European Commission is expected to give the £5bn deal the green light by mid-1996.

The joint venture, first announced in February, is an attempt to tackle competition from Royal Dutch/Shell and Exxon, owners of Esso, while also providing a platform for growth in eastern Europe.

BP has denied the Mobil joint venture is motivated by the petrol price war as Britain is just a small part of its operations.

Never the less, the deal will accelerate the decline in UK petrol station outlets. They have fallen from almost 40,000 some 30 years ago to less than 17,000 at the end of last year.

The Petrol Retailers' Association has warned that less than 10,000 stations could remain within two years if the price cuts and consolidation trends in the industry continue.

Investment Column, page 21

## CBI proposes overhaul of MMC system

PETER RODGERS  
Business Editor

The Confederation of British Industry yesterday proposed a radical overhaul of the Monopolies and Mergers Commission, which it said should be turned into a full-time appeals body with the loss of its present investigative role.

The CBI said all the investigative work and the key decisions on mergers and monopolies should be made by a strengthened Office of Fair Trading, to be renamed the Competition Authority. The MMC would become the Competition Commission, with High Court status, hearing appeals against the authority's decisions.

Julian Armstrong, chairman of the CBI's competition panel and a lawyer with Esso, denied that the proposal was an implied criticism of the MMC's recent performance, which came under heavy fire in the wake of a report last month on takeovers in the power industry.

A majority of four of the MMC's part-time members recommended conditional clearance of bids by PowerGen and National Power for regional electricity companies, but the Government sided with a minority report by a single commissioner.

Mr Armstrong, whose report is being sent to the Labour Party as well as the Government, said the CBI's intention was to eliminate expensive duplication. Companies have to submit to investigations by the OFT, which can then be followed by a separate inquiry by the MMC.

The CBI's plan is a response to a government consultation document on competition law, which did not, however, call for

comments on reform of the MMC or the OFT.

The CBI plan appears on the surface to run counter to Labour proposals for a merger of the OFT and the MMC into a single competition authority—although by reducing the MMC to an appeals body the employers have gone a long way towards meeting the Labour position.

Adair Turner, the CBI's director-general, has insisted that the employers remain neutral between

the parties and tackle issues case by case.

The CBI said it opposed Labour's plan to make companies show that takeovers are positively in the public interest before they can proceed.

Instead of the present system, under which MMC inquiries into mergers and monopolies are conducted by panels of part-time members, the commission would be headed by the equivalent of a High Court judge, assisted by economic and industrial assessors.

Ministers' powers to intervene would be much reduced, although they would have a right to override in merger cases.

STOCK MARKETS					
FT-SE 100	Dow Jones	Nikkei	Hang Seng	Hong Kong	Frankfurt
3723.00	8850.00	15113.00	10702.17	2479.53	2284.86
Change	+28.60	+0.8	+4.63	+10.62	+0.4
1995 High	3857.10	15699.50	11994.99	2550.18	2284.86
1995 Low	4015.30	15100.00	10204.87	2284.86	1.901
YTD %	3.30	3.30	3.30	3.30	3.30
FT-SE 250	4525.50	10200.00	10200.00	10200.00	10200.00
Change	+10.20	+0.5	+0.5	+0.5	+0.5
1995 High	4668.00	10200.00	10200.00	10200.00	10200.00
1995 Low	4015.30	15100.00	10204.87	2284.86	1.901
YTD %	3.30	3.30	3.30	3.30	3.30
FT-SE 500	1892.00	10200.00	10200.00	10200.00	10200.00
Change	+10.20	+0.5	+0.5	+0.5	+0.5
1995 High	4668.00	10200.00	10200.00	10200.00	10200.00
1995 Low	4015.30	15100.00	10204.87	2284.86	1.901
YTD %	3.30	3.30	3.30	3.30	3.30
FT Small Cap	2225.05	10200.00	10200.00	10200.00	10200.00
Change	+1.00	+0.0	+0.0	+0.0	+0.0
1995 High	2225.05	10200.00	10200.00	10200.00	10200.00
1995 Low	1854.06	10200.00	10200.00	10200.00	10200.00
YTD %	2.92	2.92	2.92	2.92	2.92
FT All Share	1877.91	10200.00	10200.00	10200.00	10200.00
Change	+0.31	+0.0	+0.0	+0.0	+0.0
1995 High	1877.91	10200.00	10200.00	10200.00	10200.00
1995 Low	1791.95	10200.00	10200.00	10200.00	10200.00
YTD %	3.76	3.76	3.76	3.76	3.76
New York	5424.93	10200.00	10200.00	10200.00	10200.00
Change	+39.38	+0.7	+0.7	+0.7	+0.7
1995 High	5424.93	10200.00	10200.00	10200.00	10200.00
1995 Low	5032.94	10200.00	10200.00	10200.00	10200.00
YTD %	2.21	2.21	2.21	2.21	2.21
Tokyo	21495.28	10200.00	10200.00	10200.00	10200.00
Change	+167.10	+0.8	+0.8	+0.8	+0.8
1995 High	22282.06	10200.00	10200.00	10200.00	10200.00
1995 Low	19734.70	10200.00	10200.00	10200.00	10200.00
YTD %	0.721	0.721	0.721	0.721	0.721
Source: FT Information					

INTEREST RATES					
Short sterling	UK medium gilt	US long bond	3 Month	6 Month	1 Year
5.50%	6.00%	6.25%	5.50%	6.00%	6.25%
Change	+0.00	+0.00	+0.00	+0.00	+0.00
1995 High	6.00%	6.25%	5.50%	6.00%	6.25%
1995 Low	6.00%	6.25%	5.50%	6.00%	6.25%
YTD %	0.00	0.00	0.00	0.00	0.00
Money Market Rates					
3 Month	5.50%	6.25%	5.50%	6.00%	6.25%
6 Month	6.00%	6.25%	6.00%	6.25%	6.25%
1 Year	6.25%	6.25%	6.25%	6.25%	6.25%
Source: FT Information					

CURRENCIES																																																					
£/\$	£/DM	£/¥	£/HK\$	£/A\$	£/NZ\$																																																
1.5113	1.6115	151.13	7.79	0.69	0.69																																																
Change	+0.48	+0.75	+0.00	+0.00	+0.00																																																
1995 High	1.6115	151.13	7.79	0.69	0.69																																																
1995 Low	1.5113	151.13	7.79	0.69	0.69																																																
<p>Other Dollar exchange rates and DM fixed rates at 2:00 hours</p> <p><b>Pound</b></p> <table border="1"> <thead> <tr> <th></th> <th>Yesterday</th> <th>Change</th> <th>Year Ago</th> </tr> </thead> <tbody> <tr> <td>\$ (London)</td> <td>1.5113</td> <td>+0.48</td> <td>1.5888</td> </tr> <tr> <td>\$ (NY)</td> <td>1.5115</td> <td>+0.75</td> <td>1.5892</td> </tr> <tr> <td>DM (London)</td> <td>2.2982</td> <td>-0.05</td> <td>2.1768</td> </tr> <tr> <td>¥ (London)</td> <td>158.675</td> <td>+10.738</td> <td>131.75</td> </tr> <tr> <td>£ Index</td> <td>83.9</td> <td>+0.2</td> <td>82.71</td> </tr> </tbody> </table> <p><b>Dollar</b></p> <table border="1"> <thead> <tr> <th></th> <th>Yesterday</th> <th>Change</th> <th>Year Ago</th> </tr> </thead> <tbody> <tr> <td>\$ (London)</td> <td>0.6617</td> <td>-0.39</td> <td>0.6294</td> </tr> <tr> <td>£ (NY)</td> <td>0.6616</td> <td>-0.39</td> <td>0.6304</td> </tr> <tr> <td>DM (London)</td> <td>1.5212</td> <td>-0.52</td> <td>1.3701</td> </tr> <tr> <td>¥ (London)</td> <td>104.995</td> <td>+10.195</td> <td>92.92</td> </tr> <tr> <td>\$ Index</td> <td>95.2</td> <td>-0.1</td> <td>97.1</td> </tr> </tbody> </table>							Yesterday	Change	Year Ago	\$ (London)	1.5113	+0.48	1.5888	\$ (NY)	1.5115	+0.75	1.5892	DM (London)	2.2982	-0.05	2.1768	¥ (London)	158.675	+10.738	131.75	£ Index	83.9	+0.2	82.71		Yesterday	Change	Year Ago	\$ (London)	0.6617	-0.39	0.6294	£ (NY)	0.6616	-0.39	0.6304	DM (London)	1.5212	-0.52	1.3701	¥ (London)	104.995	+10.195	92.92	\$ Index	95.2	-0.1	97.1
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¥ (London)	104.995	+10.195	92.92																																																		
\$ Index	95.2	-0.1	97.1																																																		
<p><b>OTHER INDICATORS</b></p> <table border="1"> <thead> <tr> <th></th> <th>Yesterday</th> <th>Day's chg</th> <th>Year Ago</th> </tr> </thead> <tbody> <tr> <td>Oil Brent \$</td> <td>18.40</td> <td>+0.23</td> <td>28.85</td> </tr> <tr> <td>Gold \$</td> <td>393.60</td> <td>+0.40</td> <td>388.10</td> </tr> <tr> <td>Gold £</td> <td>260.44</td> <td>-1.26</td> <td>244.27</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>Index</th> <th>Latest</th> <th>Year Ago</th> <th>Next Ftg</th> </tr> </thead> <tbody> <tr> <td>RPI</td> <td>151.5</td> <td>+2.7%</td> <td>147.5</td> <td>16 May</td> </tr> <tr> <td>GDP</td> <td>107.4</td> <td>+2.0%</td> <td>105.3</td> <td>23 May</td> </tr> <tr> <td>Base Rate</td> <td>6.00%</td> <td></td> <td>6.75%</td> <td></td> </tr> </tbody> </table>							Yesterday	Day's chg	Year Ago	Oil Brent \$	18.40	+0.23	28.85	Gold \$	393.60	+0.40	388.10	Gold £	260.44	-1.26	244.27		Index	Latest	Year Ago	Next Ftg	RPI	151.5	+2.7%	147.5	16 May	GDP	107.4	+2.0%	105.3	23 May	Base Rate	6.00%		6.75%													
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## COMMENT

The Deputy Prime Minister would love to see the Post Office privatised and greater competition introduced into one of the few remaining state-run monopolies. But realistically the chances must be wafer-thin

## Heseltine eyes the last of the family silver

Somewhere high up in the clouds above Westminster a large blue kite was to be observed yesterday bearing the dreaded words "Post Office privatisation". Surely this can't be back on the agenda barely a year after Michael Heseltine was put in his box by a motley collection of shire Tories, fretful of what fogging off the Royal Mail would mean for rural postal services and appalled at the prospect of the Queen's head being replaced on our stamps by that of the President of the Board of Trade?

Well, just maybe. If Railtrack can be sold to the public, albeit at a giveaway price, then perhaps anything is privatisable. Moreover, the Conservatives are going to need something to spice up their manifesto and dire straits sometimes demand desperate measures.

In any event, the idea of putting the Post Office back in the melting pot for privatisation is not entirely new. John Major hinted at just such a possibility in his Sunday morning chat with Sir David Frost earlier this year.

Mr Heseltine has not got over being outmanoeuvred by his own backbenchers last May – a rare defeat which showed that his legendary political antennae are not always 100 per cent tuned in – and would love to see the Post Office privatised and greater competition introduced into one of the few remaining state-run monopolies. But realistically the chances must be wafer-thin and not just because of the way the parliament-

ary arithmetic continues to stack up against the Government.

Something odd has also happened to the Post Office since privatisation was abandoned and replaced by a pledge that it would be given more commercial freedom within the public sector.

The Royal Mail – the profitable bit that had been slated for private ownership – has, if anything, been tied more closely to the purse strings of the public sector. Over the next three years its contribution to public finances through its external financing limit will actually be £400m higher than previously planned.

Meanwhile Post Office Counters (the part of the organisation that would have stayed in public ownership even though in reality most of the network is run by private businesses) has been given greater freedom. You can now do anything from buying travel insurance to wiring cash from your local post office.

No doubt the idea of selling off one of the few remaining pieces of family silver is being aired once again to test backbench reaction. When they have calmed down from their righteous indignation, those 20 or so Tories who spiked Mr Heseltine's guns may care to reflect that another 193 rural post offices have disappeared off the map since then.

If they have any better ideas for getting the Conservative Party out of the electoral hole in which it finds itself, perhaps they

would like to pop them into plain manila envelopes and send them off to the Deputy Prime Minister.

### Questions to bring BSKyB back to earth

Can BSKyB really be worth nearly £8bn? The quite astonishing growth of the satellite broadcaster in the past few years must be galling to all those who laughed at little Sky Television back in 1989, or who believed that Rupert Murdoch had finally lost his touch. BSKyB is now the country's 25th-largest company by market capitalisation, and is worth several hundreds of millions of pounds more than Mr Murdoch's parent company, News Corporation. Among UK media companies, only Reuters is bigger. Granada Group, even after swallowing Fortis, is only worth £6.8bn.

What does the stock market get for its £8bn? A state-of-the-art subscription management system aside, the only real assets are subscriber revenues. It buys most of its programming and leases its satellite capacity. What a wheeze!

So can the company really be worth it? If you ask Sam Chisholm, the chief executive, you'll get the obvious answer: "Of course it's worth £8bn, my dear, and a whole lot more. This is a brilliant company with a brilliant future. Every time we add new channels, we can push up the price. Everybody has to deal

with us." (This is the family viewing version; all expletives deleted.)

But is this a party that can last? There are very real regulatory risks ahead for Mr Chisholm and his managers, not least an inquiry by the Office of Fair Trading into the company's dominant position in pay-TV. The OFT might refer the whole industry to the Monopolies & Mergers Commission, and then who knows what the outcome would be? One remedy could be separate accounting of Sky's programming from its subscription management system, to ensure fair arrangements for broadcasters wanting to buy Sky's programming or to use its network.

These issues will be even more pressing as Sky prepares to launch its digital satellite services. The steady, secure supply of fees from viewers for existing services has fuelled the company's incredible growth. Can that rhythm be maintained in the digital age? Will the regulators allow it? The market ignores such questions at its peril.

### A takeover tangle in power policy

Poor Ian Lang. The Trade Secretary's officials must have warned him when he blocked the two power generating bids for regional electricity companies that his decision might create more problems than it solved. So it has proved. With PowerGen declared offside, the Americans have nipped

in to snap up Midlands Electricity. Southern is more than likely to go the same way.

Mr Lang has already performed so many somersaults on mergers policy for the electricity industry that it is possible he will go one further and stop the Americans bidding too. Certainly such action would be perfectly consistent with last week's "clarification" of chairman Lang's thoughts on who is allowed to take over whom, which was about as clear as mud. His problem is, however, that he has already cleared a number of American bids for other regional electricity companies. A mere trifle perhaps, but even Mr Lang has to show some consistency in approach.

So we are now in the crazy position of it being perfectly all right for Americans to take over regional electricity companies, apparently all right for Scottish generators to do so, fine for Eastern if it is owned by Hanson to take on generating capacity, but wrong for English generators to own distribution companies and wrong for distributors to own generators. Even for those of us who think we understand the Government's plans for the electricity market, this seemingly arbitrary approach is plainly a nonsense.

It is also hard to see how preserving the present rigid divisions of ownership and organisation in the industry, which is essentially what all this decision-making adds up to, is going to benefit either competition or the consumer. The Americans are paying top dollar for these monopolies and they are going to fight tooth and nail to preserve them.

## ADT alarms ring after US accounting rule changes

MAGNUS GRIMOND

A US accounting change has plunged burglar alarm group ADT deep into the red in the first three months of the year. The Bermuda-registered group, which is being reshaped under long-standing chairman and chief executive Michael Ashcroft, yesterday reported a pre-tax loss of \$371m (£245m) for the first quarter, compared with profits of \$36.4m last time. The shares fell 15p to £11.08p in London after the news despite the announcement that the board had approved the purchase of 5 million of the company's own shares.



Michael Ashcroft: in the process of reshaping ADT

Following the introduction of more stringent accounting rules in the US, where ADT is based, the group has been forced to take a \$410m charge, most of which relates to goodwill associated with its electronic security business. Of the total, \$395m has fallen in this area of the business, with the US bearing the brunt. ADT said without the charge it would have

reported earnings per share of 23 cents, instead of a loss of \$2.94.

Adding back the one-off charge, net profits after tax rose 14 per cent to \$31m on sales out from \$373m to \$354m, mostly due to the absence of ADT's European vehicle-auction business, the old British Car Auctions.

Mr Ashcroft said new channels of distribution, through strategic alliances in the retail, financial services and real estate sectors and its new authorised dealer programme, meant ADT "is well positioned to achieve growth in market share and to increase customer density in chosen markets".

He added: "The reorganisation of the electronic security services business in North America along business lines is proceeding well and we are optimistic that the benefits of this reorganisation will start to come through towards the end of 1996 and beyond."

The US market for residential security systems remains "very competitive", with mass marketing initiatives across the industry keeping prices down.

But the UK provided a bright spot, with the group seeing "significant" growth in closed-circuit television business, including a \$3.5m contract won in the first quarter from Railtrack for systems to be installed on 72 railway platforms.

The remaining vehicle auction business in the US was hit by last winter's extreme weather, with profits broadly flat at \$11.6m in the quarter. ADT said snow removal alone cost \$500,000 and a number of days' sales were lost.

### IN BRIEF

• **House of Fraser's** three executive directors each enjoyed significant pay increases last year though the department store group's profits halved to £14m and the share price continued to underperform. Andrew Jennings, the former managing director who was ousted earlier this year, saw his pay increase from £267,000 to £302,600 last year. His pay included benefits of £48,437 for the use of a company car, mobile phone and accommodation in central London for his wife and family. Mr Jennings' severance pay was not disclosed in the company's annual report.

Richard Scott, finance director, and Tony Hancock, operations director, also received pay increases of between 5 and 10 per cent. Chairman Brian McGowan's pay was static at £150,000.

• **David Rowland**, chairman of Lloyd's of London, received a total remuneration package of £468,000 last year. His basic salary of £450,000 was unchanged from 1994, but his benefits were down to £18,000 from £30,000. Hopes of a settlement at Lloyd's were boosted yesterday by victory for the society in the Clementson case. It enables Lloyd's to collect some £700m owed by names for claims. It enables Lloyd's to collect some £700m owed by names for claims. It enables Lloyd's to collect some £700m owed by names for claims.

• **Job cuts planned by US corporations** are running at double their 1995 level, according to a new employment survey. Big companies announced 30,810 redundancies last month, up from 15,678 in the same month last year. During the first four months of the year, announced cuts totalled 199,505, up 75.9 per cent on the same period in 1995.

• **German manufacturing orders** climbed by 1.2 per cent in March, almost reversing February's weather-exaggerated decline. The level of orders remained 4.3 per cent lower than a year earlier, although the trend is not as weak as it was at the end of 1995.

• **The Spanish and Swedish central banks** cut interest rates in separate bids to revive their flagging economies. Sweden cut its main money market rate for the tenth time this year, to 6.70 per cent. Spain reduced its bank lending rate by a quarter point to 7.5 per cent. Economists expect further reductions in rates by the Bundesbank and Banque de France.

## Electrifying News from around the World.



Few situations give more opportunity for crossed wires than the restructuring of electricity industries.

Fortunately, there is also a transformer at hand.

McKenna & Co successfully advised in the privatisation of electricity in England and Wales over 5 years ago.

And the blueprint created has been in use ever since.

We have now provided legal advice on power and transmission projects and restructurings in the USA, Argentina, Pakistan, Greece, Morocco, Portugal, Hungary,

Australia, New Zealand, Malaysia, China, India and several other countries and states.

We also remain active in the UK industry.

For example, we advised on the float of the National Grid - the largest single stock market flotation in 1995.

Today, more than ever, our practice of enterprise is successfully working on large and complex schemes all over the world.

For more information simply contact

Robert Derry-Evans, Managing Partner, on 0171 606 9000. **The Practice of Enterprise**





## market report/shares

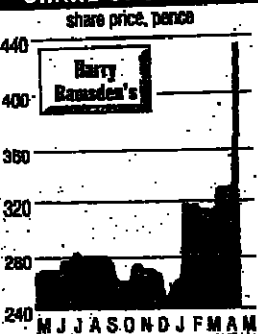
## Lucas motors ahead on speculation about US link

TAKING STOCK

## DATA BANK

FT-SE 100  
3723.0 -28.6  
FT-SE 250  
4525.5 +10.2  
FT-SE 350  
1892.0 -10.2  
SEAQ VOLUME  
727.1m shares,  
34,481 bargains  
Gilts Index  
91.89 +0.02

## SHARE SPOTLIGHT



Lucas Industries, the vehicle components group, drove forward as the rest of the stock market fidgeted uneasily about its inability to score from the current outbreak of takeover fever.

In often busy trading, Lucas motored 34.5p, ending 25.5p higher at 233.5p, the best ever closing level.

The proposed link with the US group, Vario, created the excitement. Although the signs from the two were that some form of trading pact was being considered, the market took the view the talks signalled an attempt by Lucas to flush out any potential bidder.

It is seen as vulnerable following the pending departure of George Simpson, who steps down as chief executive in the autumn to move to the GEC giant.

Initially the US talks are aimed at forging a link between the Lucas and Vario car

brake divisions. But there must be a possibility that they could be stretched further and result in a full merger. Vario is too small to buy Lucas and the £1.5bn UK group would have to find for the Americans could stretch its resources, although the sale of its aerospace division could help bridge the gap.

The Vario talks are being read as indicating that Lucas is now in play and it realises it lacks the necessary clout to be a major player in the world league. So a strategic alliance, possibly a full merger, looks more likely.

The US talks presumably mean that Lucas has given up on one of its possible moves, its bid to buy a 30 per cent interest in Valeo, the French car components group. The stake has been put on the market by former Italian PM Carlo de Benedetti. Lucas was known to be interested and was sound-

ing out the possibility of taking full control.

The car components group's display was in sharp contrast to most of the market, with the FT-SE 100 index off 28.6 points to 3,723, although the supporting FT-SE 250 index managed to return to winning ways with a 10.2 gain to 4,525.5.

Although many followers believe there is a good chance of an interest rate cut this month the continuing political uncertainty and another New York downturn inhibited sentiment.

The market has certainly experienced the takeover action many said would provoke an upsurge. Last week's insur-

ance merger was followed by the expected US bid for Midlands Electricity and on a much smaller level Stanley Leisure, the bookie, said it was talking to quoted rival Gus Carter.

Midlands gained 10p to 433p on what is a generous bid; PowerGen, sitting on 21 per cent of Midlands but prevented from bidding by the Government, fell 8p to 549p.

National Grid was busily traded with a 32.8 million turnover printed, indicating, perhaps, that James Capel had got rid of some of the controversial shareholding it acquired last week. The price held at 198.5p.

## MARKET REPORT

## DEREK PAIN

Stock market reporter  
of the year

The 11.5 per cent interest came from Hanson but its Middle Eastern ramifications prompted questions to be asked about the beneficial ownership.

The possibility that the remaining regional will be picked off lined them a few pence.

Manchester United greeted its Premiership triumph with a cheerful 17p fall to 356p; Millwall's relegation left the shares 0.5p off at 2p. The shares were once more than 20p.

Harry Ramsden's, the fish and chip restaurant chain, continued its steady progress, climbing 53p to a 437p peak. The shares have risen 11.1p in a week. Whitbread, year's figures today, Rank Organisation and First Leisure are the leading names in the bid frame.

British Petroleum was uninspired by the strong oil price and encouraging results, falling 13p to 569p, and British Bio-

neo, after a strong run, succumbed to profit taking, off 18p at 555p.

Ahead of a crucial presentation, British Biotech topped £30, reaching 3,025p with a 77p gain. Chiroscience, with an £11.6m loss, and a £40.3m rights issue, gained 45p to 500p.

Steel Burill Jones, the insurance broker, edged forward 2p to 47p as rumours surfaced that one of the bigger names in the industry would take advantage of the depressed price and mount a bid. The shares were 112p last August.

Stratagem, the mini conglomerate, slumped 36p to 127p on disappointing profits and Hay & Robertson added 4p to 54p following its rugby deal.

Albrighton, the aggregates group, tumbled 4.5p to 7.5p. It is making a rescue cash call at 6p, raising approaching £2m.

Clifton Financial Associates, run by Stephen Barclay, is bringing its sixth company to market - Premiere Group, which is raising £2.7m through the issue of shares at 133p. The company, with 19 employment agencies, was born out of Burns Anderson, the services group once headed by famed trouble shooter Sir John Harvey-Jones. BA went into receivership and Robert Durston and Dorian Marks, Premiere's managing directors, acquired 15 of its recruitment branches.

Pan Andean, the Bolivian wonder share, fell 8p to 88p. An independent report on its oil developments is thought to suggest that the part of the Champs block so far examined could suggest a yield of 750 million barrels of recoverable oil.

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: Ex Dividend, Ex Dividend as at a United Securities Market a Suspended, pp Party Paid, pp Paid Shares.

## The Independent Index

The index allows you to access real-time share prices by phone from Seag. Simply dial 081 223 535, followed by the 4-digit code printed next to each share. To access the latest financial reports dial 081 223 followed by one of the two-digit codes below.

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UK Stock Market Report	01	Full Report	05	Water Shares	38
UK Company News	02	Wall St Report	20	Electricity Shares	40
Foreign Exchange	03	London Stock	21	High Street Stocks	41

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## Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume
Midlands	500,000	British	100,000	British	100,000
National	400,000	British	100,000	British	100,000
British	300,000	British	100,000	British	100,000
British	200,000	British	100,000	British	100,000
British	100,000	British	100,000	British	100,000

## FT-SE 100 index hour by hour

Open 3745.5 down 77	11.00 3745.5 down 50	14.00 3745.5 down 10
09.00 3745.5 down 77	12.00 3745.5 down 50	15.00 3745.5 down 10
10.00 3745.5 down 55	13.00 3745.5 down 45	Close 3723.0 down 28.6

## SKYE PHARMA PLC

## SKYE PHARMA PLC SHARES

ARE NOW TRADED  
ON THE OFFICIAL LIST OF  
THE LONDON STOCK EXCHANGE  
AND THE  
SHARE PRICE IS LISTED UNDER  
PHARMACEUTICALS

## Alcoholic Beverages

Alcoholic Beverages	Price	Change
Alcoholic Beverages	3.10	+0.05
Alcoholic Beverages	3.15	+0.05
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Alcoholic Beverages	9.85	+0.05
Alcoholic Beverages	9.90	+0.05
Alcoholic Beverages	9.95	+0.05
Alcoholic Beverages	10.00	+0.05

## Banks, Merchant

382	47	Chas Bros	376	-4	31	168	268
383	36	Chas Bros	376	-4	31	168	268
384	384	Genesee Nat	384	-4	31	168	268
385	166	Hess Bros	384	-4	31	168	268
386	149	Wing & Shoen	384	-4	31	168	268
387	446	Lepard J	384	-4	31	168	268
388	58	Real Bros	384	-4	31	168	268
389	188	Schroeder	384	-4	31	168	268
390	16	Singer & Ed	384	-4	31	168	268
391	16	Union	384	-4	31	168	268
392	208	Westcott	384	-4	31	168	268



## business

## BP pumps up its performance

These are happy days for BP. The embarrassment of having to halve the dividend in 1992 is now no more than a bad and fading memory; BP is back as Britain's biggest company, and Sir David Simon, the architect of the dramatic turnaround, is the country's top industrialist, according to a recent poll of fellow business leaders.

The view that BP seems to be pushing all the right buttons was borne out by yesterday's first-quarter profits of £629m (£464m). They broke all records – apart from a freak first three months in 1986 when crude oil prices crashed and huge stock losses sharply reduced the tax charge.

Exploration and production, the main income stream, saw operating profits rise 36 per cent to £773m but it would be too easy to put this down just to a rise in the oil price from \$16.72 a barrel to \$18.50 during the period. BP says the higher oil price merely offset falling chemical margins. Rather, it reckons the \$160m underlying improvement came entirely from what it calls self-help. Half of this was due to higher volumes, due to the unusually cold winter in Europe.

The rest came in reduced costs, which, all other things being equal, should flow straight to the bottom line, pushing full-year profits to £2.3bn or above, implying a p/e ratio of about 14.

Even on the chemicals side, where profits almost halved to £128m as rising feedstock prices hit margins, BP appears to be doing better than most of the other oil majors. The outlook here is encouraging, with demand showing no sign of tapering off and only limited capacity coming on-stream.

Elsewhere, the UK petrol forecast price war took its toll on the marketing side, but better refining margins improved the division's overall profit contribution from £43m to £150m.

The right sort of records are also being broken on the balance sheet. Net debt of \$7.1bn, for example, is just 27 per cent of equity – the lowest since 1987. All this, and promises to pay out 50 per cent of underlying earnings to shareholders in the medium term, suggests that the shares are set to continue their recent strong run.

The big cloud is the prospect of sharply lower oil prices if Iraq is allowed to re-enter the world market. Talks are continuing between the United Nations and Baghdad about lifting sanctions, but Sir David thinks a resolution is no more likely this time around and he is factoring in an oil price of \$16-\$18 a barrel for the rest of the year.

He's probably right – it is hard to see the oil embargo being lifted this side of the US presidential election or un-

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

til there is a change in the Iraqi leadership. All of which indicates that the shares, which encountered some profit-taking yesterday, down 13p to 569p, look pretty good value.

## Chiroscience is still overvalued

The City's ability to suspend disbelief can be a wonder to behold. Promoters with hard-to-verify claims have parted investors from their money for centuries, but the rise and rise of the biotechnology sector has been impressive even by past standards.

Chiroscience is a case in point. Floated at 150p just over two years ago, the shares only broke through their issue price last year, boosted by prospects for its Levobupivacaine anaesthetic following a link-up with Swedish drugs group Pharmacia. For most of this year the shares drifted but since the end of April, in a week, they effectively doubled to 500p after rising 45p yesterday.

That surge has come on the back of

the results of pre-clinical trials showing that Chiroscience's matrix metallo-proteinase inhibitor against cancer had produced better results at this stage of its development than Marinastat, a more advanced rival being developed by British Biotech. Hopes for Marinastat have given British Biotech a market capitalisation sufficient to put it on the verge of the FT-SE 100 index.

No doubt Chiroscience's success with an MMP-related drug is coincidental, but it has clearly had a wonderful effect on the share price, which has come in handy given that the company is now going it alone without Pharmacia and yesterday announced a placing to raise a net £40.3m. Shareholders are being offered one new share for every seven held at 410p to pay for a pilot-scale drug production facility being sold by E Merck for £5.5m and to garner funds for Chiroscience's development needs for the next few years.

The bull case is that the company's Desktoprol pain killer could be launched in Spain soon, making it one of the first of the biotech babies to actually bring a product to market, while its purer, "chiral", chemistry offers low-

er risks, as it relies on established drugs. Its existing business has managed to nearly triple sales to £4.96m last year, even if pre-tax losses deepened from £9.23m to £11.6m. But its really new compounds remain around five years from the market and its near-term prospects are likely to be subject to generic competition.

At £413m at the placing price, Chiroscience remains overvalued.

## Gus Carter offer is the best bet

The rumoured offer from Stanley Leisure for Gus Carter is probably the best end to an unsatisfactory year on the stock market for the North-east-based bookie. For a company that makes a living reading future probabilities, Carter got the impact of the national lottery on its business spectacularly wrong and without the prospect of a bid shareholders would be looking at a sizeable loss.

Announcing a sharp fall in profits within months of coming to the market a year ago was an embarrassment for both the company and its adviser, Wise Speke, and it was no surprise that the shares sank from their 80p placing price to a low of 49p last November. Bid rumours pushed them up to 78p by the weekend and yesterday's confirmation that the two companies were talking about a price slightly above that put another 6p on the price for an 84p close, 5 per cent above the flotation level.

A takeover of Carter's 72 betting shops by Stanley, which itself runs 400, is the latest merger in a continuing consolidation of a hard-pressed industry. With Sunday betting pushing up the costs of running bookies without any appreciable uplift in revenues, it is not likely to be the last. Only the strongest can withstand the onslaught of the lottery, which has radically altered the discretionary spending patterns that determine the profitability of gambling businesses.

The Trewin family that still owns a majority of the shares, even after cashing in £2m worth at last year's flotation, will do well enough out of the £13m acquisition not to worry about the £500,000 they wasted on the costs of coming to the market. But plainly a trade sale would have made more sense in the first place and shareholders who bought the leisure industry hype 12 months ago will count themselves lucky to have secured a no-less exit. Not all stock market mistakes have such a happy ending.

## Second labour day looms large for capitalist pig

## CITY DIARY

JOHN WILLCOCK

Cedric the Pig, star of the British Gas annual general meeting a year ago, again took pride of place on Monday at the Labour Day celebrations on London's Clapham Common. The pig was named after British Gas's then chief executive, Cedric Brown, by trades unionists at the GMB to satirise Mr Brown's generous pay increase.

What Monday's gathering of locals, new age travellers and Billy Bragg fans may not have realised is that Cedric the pig is a sow, and a heavily pregnant one to boot. This explains the porker's non-appearance at last week's British Gas agm. We trust the piglets will be named after the board.

It's a hard life being a rebel. Just ask Prem Sikka, the controversial professor of accounting at Essex University, who has come third-from-bottom in an election in which there were no fewer than 19 candidates in the running. And this isn't the first time Mr Sikka has run.

The results of the election of the council for the Chartered Association of Certified Accountants have been greeted with glee by the bean-counting establishment, however. The ACCA's president, Mike Harvey, commented yesterday: "Neither of the 'Reform Group' candidates achieved sufficient support to gain a seat on the council (Mr Sikka being one of them). The results are a ringing vote of confidence in council and a

Time was when Cotton Oxford was the label you saw inside particularly hairy rugby shorts, the long ones with buttons down the front and yarn round the middle, as worn by the late Eric Morecambe. With the current wall of money engulfing rugby and all traces of amateurism being tossed to the wind, the Cotton Oxford name is not surprisingly in the front line. Yesterday Hay and Robertson, a clothing company, reached agreement with Peaco Sport for the exclusive rights to the brand name throughout the UK and Europe. Elmer Jonathan Cotton founded the business in 1911 and the company formed strong links with Oxford University. Today the company is a big sponsor of club rugby with links with the likes of Bath, Leicester and the Barbarians. But the hairy shorts have gone, forever.



This little piggy went to Clapham: Cedric the Sow

sign that common sense is fighting back." Next time luckier, Mr Sikka?

If you hurry, you may just be able to get your CV in for the job of director of corporate communications at SBC Warburg. Jens Tholstrup, plucked from SBC's corporate finance department 12 months ago to head up the newly merged bank's public affairs office, is returning as planned to his previous role, where he will be specialising in financial institutions. The bank says that it will announce his successor "when it has made a final decision".

The winning applicant will get lots of money and plenty to do, what with continuing de-

fections from the old Warburg corporate finance department.

Speaking of spokespeople, Duncan Campbell-Smith is stepping aside as head of corporate PR and investor relations at Pearson in order to attend a month-long MBA course at London Business School. Mr Campbell-Smith will then take up a new post within Pearson – as spokesman its Penguin subsidiary. Taking what appears to be a step down becomes more attractive when you consider that he will no longer have to answer questions about Midscape, the venture which Pearson expects could lose up to £46m this year.

Ask the average person in a crowded bar what Macdonald Martin is famous for and you would probably draw a blank. Ask them whether they would like a Glenmorangie and they would know exactly what you are talking about. Thus the Scottish drinks company Macdonald Martin Distillers decided to change its name yesterday to its favourite brand, and will henceforth be known as Glenmorangie Plc.

## Morton accuses banks over leaks

PETER RODGERS  
Business Editor

Eurotunnel and its bankers were in another row yesterday, this time over alleged leaks in Paris of proposals for restructuring £8.1bn of debt.

As militant French shareholders prepared for a campaign meeting in Calais today to rally support against the banks, Sir Alastair Morton said in a statement to the Stock Exchange that he agreed with criticisms of bank leaks made by his French co-chairman, Patrick Ponsolle.

Sir Alastair said: "I concur with his comments, including his reference to the concern likely to be felt at such behaviour by

the Paris Bourse and the London Stock Exchange."

The Stock Exchange, however, is not thought to be investigating the briefings of the press by banks in Paris, because there was little price movement in Eurotunnel shares. The company still awaits details of the bank proposals, which are due by Friday.

Sir Alastair made clear the company expected sacrifices from the banks, saying the two sides would "only make progress when the banks come to the table to negotiate a mutually acceptable resolution of a shared problem".

The Calais meeting is by at the instigation of the Association Pour l'Action Eurotunnel,

chaired by Christian Cambier, who is organising today's special train from Paris to the tunnel's Calais terminal to publicise his call for the banks to write off 30 per cent of the debt.

Like other small-shareholder representatives in France, including the separate Association de Défense des Actionnaires d'Eurotunnel (Adact), Mr Cambier's organisation has been mounting a virulent campaign against the banks which has no parallel in the UK.

The campaign has had widespread backing in the French press and its leaders now claim Mr Ponsolle as a convert to the cause. Two-thirds of Eurotunnel's shareholders are French. Mr Cambier said recently:

"The tunnel belongs to us, and it needs our agreement to take it away from us. We have put in Fr23bn (£2.96bn), Fr19bn has been lifted off us, and we have Fr4bn left."

The theme of the campaign is to prove that the banks were in control of the project from the beginning, that they persuaded shareholders to pour in money and they have a responsibility for the damage done by Eurotunnel's financial failure.

George Berlioz, a lawyer representing Adact, claims the banks set up the project, fixed its financial structure, acted as managers in fact and in law and at the same time are the main creditors. He claims they are

acting as the French equivalent of shadow directors – a practice known as "gestion de fait".

He has also threatened the banks with an action for fraudulent bankruptcy if Eurotunnel does fold, on the grounds that they continued to push ahead with the project to earn interest and commission when it was obviously in financial ruin.

The weapon in the banks' hands is that they have a contractual right to take over the tunnel – called a right of substitution – if there is no prospect of their debt being serviced.

This would leave Eurotunnel, as a company, with no rights over the tunnel until the banks have been repaid – probably many decades away, if ever.

## Vodafone raises French holding

TOM STEVENSON  
City Editor

Vodafone raised its stake in France's second mobile phone network yesterday, increasing its holding in SFR, a rival to France Telecom, from 10 to 16.5 per cent at a cost of Fr2.3bn (£297m).

Analysts said the exercise of part of an option to raise Vodafone's holding to 20 per cent by the end of next year was no surprise. But the price of the deal was welcomed for the potential knock-on effect it would have on Vodafone's own valuation and that of rival Cellnet.

According to one commonly used measure, which compares the value of a mobile phone company with the number of its subscribers and their relative wealth, SFR is valued by acquisition more highly than Vodafone itself. One analyst said it created a new valuation benchmark.

Gerald Whent, chief executive, said: "Our strategy is to increase our overseas shareholdings wherever possible. The opportunity to acquire additional equity in SFR is extremely important as the French market has great potential for further development."

SFR runs one of the two mobile telephone networks in operation in France, with France Telecom running the other. Bouygues SA, which was awarded the third mobile phone licence, is expected to launch its service before the end of the year.

Vodafone now has stakes in mobile phone businesses in 14 overseas countries. These range in importance from a 95 per cent holding in Vodafone PTY in Australia to less than 4 per cent in Denmark's second operator, Sonofon.

It has now achieved its aim of balancing its UK business with an equally sized business overseas to provide growth outside the increasingly competitive market in the UK. The success of Orange in attracting subscribers to the all-important digital market has put pressure on pricing for all four UK operators.

Mobile telephony has not been the success in France that it has so far in the UK, Italy and Germany, but there is thought to be substantial demand for the service.

	COMPANY RESULTS			
	Turnover £	Pre-tax £	EPS	Dividend
BP (01/1)	-	723m * (£510m)	12.9p (8.3p)	4.25p (3p)
BSkyB (0)	738m (565m)	178m (71.1m)	9.73p (6.38p)	nil (-)
Chiroscience (F)	4.96m (1.71m)	-11.8m (-9.23m)	-16.8p (13.6p)	nil (-)
Glenes Group (F)	19.8m (19.2m)	2.4m (1.68m)	10.3p (5.7p)	2.25p (1.75p)
A de Greech (F)	47.3m (42.8m)	2.17m (2.14m)	11.3p (11.4p)	6p (5.64p)
Stratagema Group (0)	55.2m (45.5m)	0.45m (1.50m)	1p (7.3p)	2p (2p)
(F) - Fiscal (0) - interim (01) - First quarter * nil profit † figures on historical cost basis				

## finance &amp; legal

A 6 page appointment section covering vital issues in accountancy, public sector finance and the legal profession.

See pages 19 - 22  
25 - 26  
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## Goldsmiths withdraws one offer for Signet

NIGEL COPE

Goldsmiths, the jewellery chain, has withdrawn one of its two bids for the UK jewellery businesses of Signet, the former Ratners group. It is understood that the company decided to withdraw its offer, which was being backed by Schroder Ventures, on Friday evening.

As a management buy-out has also been ruled out, the decision leaves the other Goldsmiths bid as the only known candidate left in the bid battle.

Under the remaining Goldsmiths bid, venture-capital group Apex & Partners is offering £250m-£280m for the H Samuel and Ernest Jones chains. Apex would also acquire Goldsmiths, taking the group private. If the offer was successful, Goldsmiths' chief executive, Jurek Piascecki, would be placed in charge of the enlarged group.

Signet declined to comment on the list of bidders yesterday or a possible timescale. However, it is understood that a final decision will not be taken for another two to three weeks.

Although the Apex-led deal is the only definite candidate, it is possible that another bidder could have entered the fray, either from another sector or from outside the UK.

The list of possible bidders has thinned out quickly over recent weeks. Argos, the catalogue retailer, made an offer that was considered to be too low. Nathan Light, the former head



Jurek Piascecki: Stands to take charge of the enlarged group

of Sterling, Signet's US business, is not on the list. A UK management buy-out led by Lawrence Cooklin can now also be discounted. Mr Cooklin, the former Burton finance director who now runs Signet's UK's businesses, has been conducting the presentations to the bidders. This would have caused a clear conflict of interest if he was also preparing his own offer for the stores.

Gerald Ratner was also interested in buying the stores but has not been successful and is concentrating on his

Tobacco Dock factory outlet shopping centre near London's Tower Bridge.

Although the bid list now seems to have been whittled down to a shortlist of one, it is possible that Signet will choose not to sell H Samuel and Ernest Jones. Signet's chairman, Jim McAdam, has stuck to his resolution that the two chains are only for sale "at the right place".

Although trading has improved, the company is still under pressure to sell the businesses as it desperately needs the cash.

## IN BRIEF

• Chiroscience, the fledgling biotechnology stock, has issued options to three directors valued at £2.44m during the past year. John Padfield, chief executive, now sits on a potential profit just short of £4.6m from options following a near fourfold rise in the shares to 500p since the latest issue was made at 127p in May 1995. Jon Dickens, research and development director, is showing a paper profit of £836,000 on 224,069 options given at the same price, taking his total to 464,069, while the surplus for Andrew Richards, director of pharmaceutical business development, is worth £340,000 for his additional 91,286 options, which make a total of 653,636. The news came as the shares soared another 45p yesterday, despite a placing to raise £40.3m. The company said it would have eight drugs in clinical trials by the end of the year.

• Mail, the on-line computer business information supplier, has signed a deal with the hotel group Forte to provide its 355 hotels with on-line business services. The deal includes individual in-room access to the Internet, which is expected to be provided through the television sets in the group's 50,000 hotel bedrooms.

• Gieves Group, the retailer which recently acquired the Knickerbox underwear group, increased profits from £1.66m to £2.74m last year. Though sales at the core Gieves & Hawkes division were up in the current year, costs had also increased. Better news is forecast for the overseas division, with volumes and margins predicted to improve in the wholesaling business. The dividend was increased from 1.5p to 2.25p.

• CRH, the Irish building materials company, has acquired four US businesses for a total of £18.6m. Ritangela Construction, Brooks Products, Foster Masonry and Southeastern Manufacturing, achieved combined trading profits of £12.8m last year on sales of £132.7m.

• Rubicon Group has sold its aluminium alloys division to management for £7.4m. The business, which makes secondary aluminium in the UK and France, was acquired with Calder Group. The sale includes the investment in EMP Technologies, which makes electromagnetic pumps for liquid aluminium and other metals. The division had sales of £23.7m and operating profits of £155,000 in the six months to November. Assets valued at £1.4m will be sold separately.

• Dragon Oil, an Irish oil company, is acquiring a 60 per cent stake in Larmag Energy Assets, which operates an oil and gas block in the Caspian Sea, off Turkmenistan. The group is converting \$19.2m of loans made to LEA and is raising £37.5m in a placing of shares at 1.5p with Satellite Overseas, a company owned by Arifin Patigoro, an Indonesian businessman. There is a separate two-for-five open offer to existing shareholders at 1.5p to raise another £12.7m.

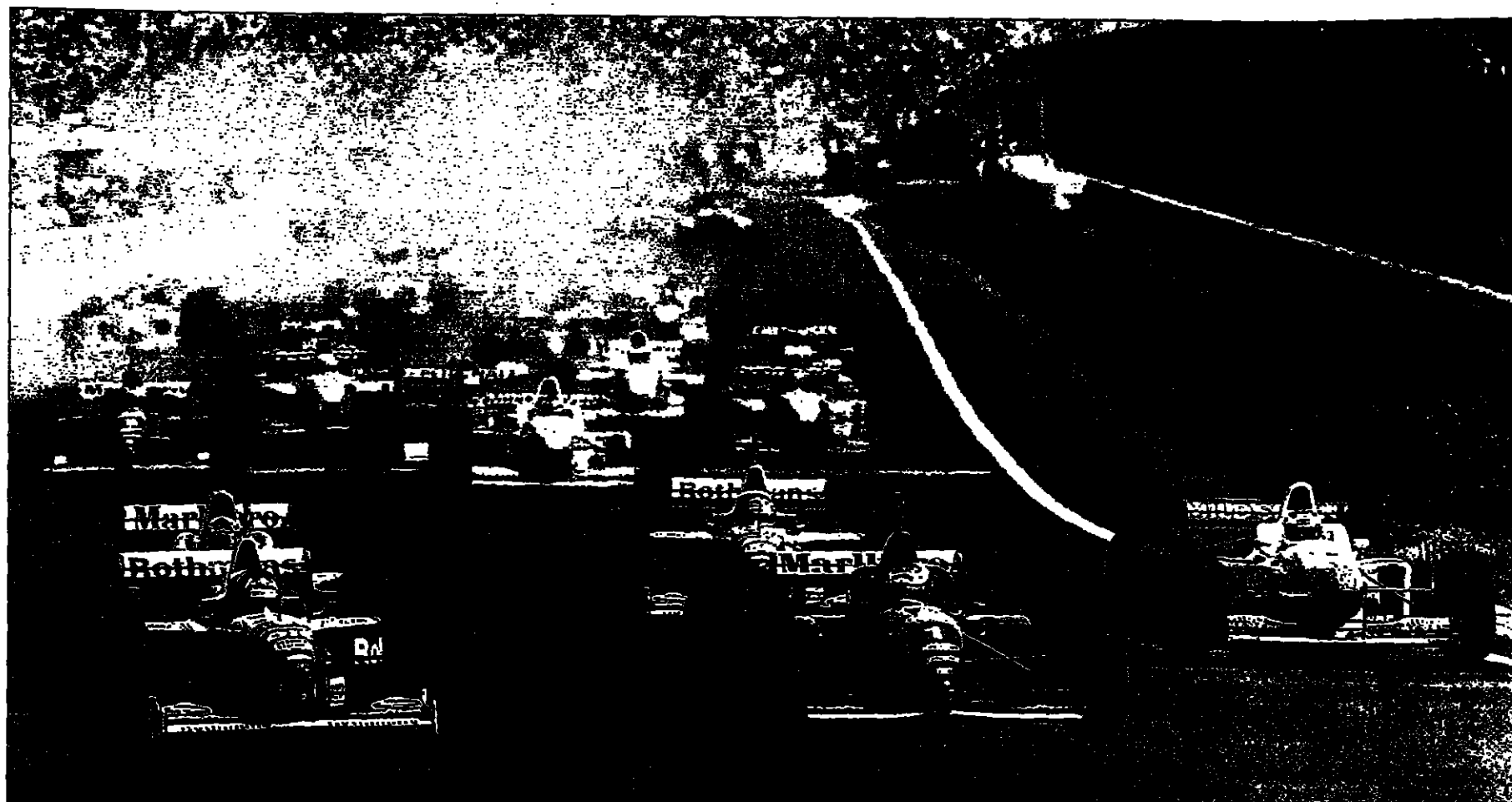


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F1  
RACING

THE INDEPENDENT

PLAY FORMULA 1  
DREAM TEAM

Michael Schumacher keeps an eye on Damon Hill at the start of the San Marino Grand Prix, but David Coulthard is about to surprise them both

Photograph: Steve Etherington/EMPICS

Grand Prix  
Shopping  
List

## POINTS SCORED

DRIVERS	POINTS	POINTS
<b>£25m</b>		
1 M Schumacher	24	67
<b>£23m</b>		
2 J Alesi	6	53
3 D Hill	32	146
<b>£20m</b>		
4 G Berger	19	52
<b>£18m</b>		
5 D Coulthard	9	31
6 E Irvine	15	46
7 J Villeneuve	5	86
<b>£15m</b>		
8 M Hakkinen	0	27
9 H H Frentzen	-2	5
<b>£10m</b>		
10 M Brundle	-1	16
11 R Barrichello	16	50
12 J Herbert	-4	9
<b>£6m</b>		
13 M Salo	-5	28
14 P Lamy	9	29
<b>£4m</b>		
15 P Diniz	5	35
16 U Katayama	0	9
17 J Verstappen	0	9
18 O Panis	0	25
<b>£3m</b>		
19 L Badoer	-3	-1
20 R Rosset	0	12
21 A Montemini	-6	2
<b>£2m</b>		
22 G Fisichella	-3	2
23 V Sospiri	0	0
24 T Marques	0	-5
25 F Lagorce	0	0
26 H Noda	0	0
27 T Inoue	0	0
<b>£1m</b>		
28 M Blundell	0	0
29 J-C Boullion	0	0
30 K Brack	0	0
31 K Burt	0	0
32 E Collard	0	0
33 N Fontana	0	0
34 D Franchitti	0	0
35 N Larini	0	0
36 J Magnussen	0	0
37 A Prost	0	0
38 G Tarquini	0	0
39 K Wendlinger	0	0

## The latest scores and results

Normal service has been resumed as soon as possible, and Dream Team managers who splashed out on Damon Hill will be mightily relieved. After the upsets at the Nurburgring, where the Williams team leader did practically nothing right on race day, at Imola he did precious little wrong, biding his time early in the race as Michael Schumacher and David Coulthard fought over the lead, then reeling off fast laps to take advantage of his team's superior strategy as his fuel load lightened and he swooped into the lead. This was truly a team triumph, a tactical victory of the sort that so often eluded Williams last year.

Michael Schumacher was fortunate to finish second – indeed, fortunate to finish at all, with a seized front wheel on his Ferrari. But the

second step of the podium is as far as he has climbed so far this season, and he cannot be accounted as good value for his £25m price tag. Nor has his teammate, Eddie Irvine, entirely justified his £18m price tag, though an uneventful fourth place at Imola topped up his points score. Better value in the future may be another £18m man, David Coulthard, whose pace in the early stages of Sunday's race was astonishing. The young Scot seems to have developed the invaluable knack of the demon start: two races running he has been off the grid and heading into the distance while other drivers have still been searching for first gear. Having led in San Marino, can he win in Monaco? It is certainly a difficult place to pass, so a fast start is vital.

## DRIVER OF THE DAY: David Coulthard

At the beginning of the season many observers assumed that David Coulthard was going to be McLaren's number two driver this year. Despite Mika Hakkinen's serious accident at the end of last season, the young Scot was expected to be exposed by the Finn's superior pace.

But things have turned out the other way round. While Hakkinen endured another miserable weekend, spinning and suffering the indignity of a scrap with rental driver Pedro Diniz, Coulthard got a dream start and led the race in commanding style.



Coulthard will be a winner.

Things started to go wrong at Coulthard's first pit stop: his second set of tyres were not as good as his first, and he began to experience some difficulty in changing gear. But still he plugged away in fourth place, and stood every chance of a second consecutive podium finish when, on the 44th lap, he pulled off with total hydraulic failure. But it had been a stirring performance. McLaren are rapidly rebuilding their tarnished reputation, and must be hoping to combine pace with reliability. When they do,

Pedro Diniz once again proved fantastic value for £4m, mixing it during the race with the likes of Mika Hakkinen, who in Dream Team terms should be well out of his reach. Imola is a relatively unchallenging environment for the

inexperienced driver: Monaco is not, and whether or not Pedro will be able to keep his Ligier out of the scenery in the Principality is a moot point. Lastly a word of praise to Luca Badoer and the plucky Forti crew,

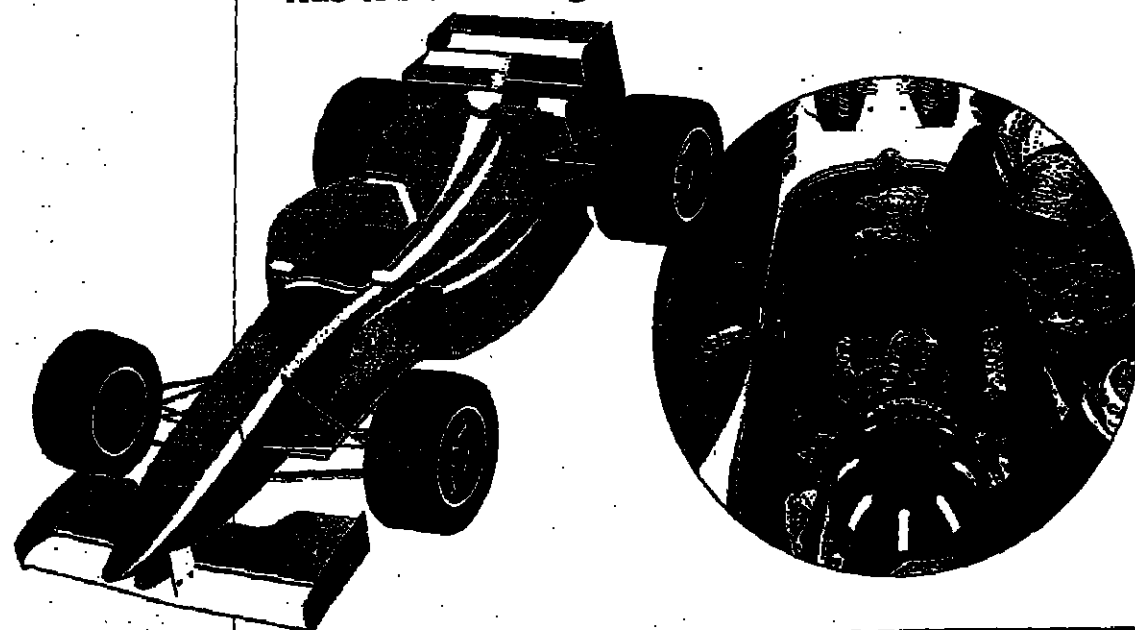
who got their new yellow contraption to the finish line on its debut. The car may not be very quick, but it's a damn sight easier on the eye than their previous bloated motor.

WIN a drive in a  
Grand Prix car

The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize – a drive in a 650bhp F1 car.

You will be flown to the AGS team's training school

in the south of France for the most exhilarating experience of your life. The school specialises in F1 courses and provides all the racewear and instruction you will need for a day driving F1 and other single seat cars.



## Overall Top 50 Dream Teams

Two teams are in joint 1st position with 233 points, eighteen teams are in joint 2nd position with 224 points and thirty teams are in joint 3rd position with 223 points.

- 1 Racing Mania
- 1 The Hillmans
- 2 Fru-Fru People 6
- 2 Schney's Shadow
- 2 Fox's Flyers
- 2 Team Mac
- 2 Spore Heity
- 2 Curtis Cruisers
- 2 Ocean
- 2 The Aky Spondies
- 2 F Juan

- 2 Ice
- 2 F1 Olly
- 2 ADS Grand Prix Racing
- 2 Doole's Dealings
- 2 Le-Sport
- 2 Points Make Prizes Racing
- 2 Settles Follies
- 2 Damon's Demons
- 2 Tucker's Try Hard
- 3 Phil's Fliers
- 3 The 7 Percenters
- 3 Follow Me Please Racing
- 3 Drack
- 3 Hill's Decline
- 3 Stagnant 3
- 3 Smith Sizzlers
- 3 Emily Zoom
- 3 Track Suit
- 3 Racing UK

- 3 Eagle Racing
- 3 Skidlids
- 3 Team Shambles
- 3 Overdrive
- 3 Ecurie Hard Bag
- 3 Diesel Dreamers
- 3 Vernotti Racing
- 3 Cockney Racers
- 3 Rice F1
- 3 Bryan's Bullets
- 3 Nicstone Racing
- 3 Jack Vurchell Ford
- 3 Inglis Team
- 3 Sicol Racing
- 3 Team Muttley
- 3 Nathan
- 3 Suths
- 3 Ollie's Team
- 3 Downhill Racer
- 3 Charlton Lamb
- 3 Dave's Drivers

## CHASSIS

<b>£20m</b>		
40 Benetton	14	60
41 Williams	20	99
<b>£18m</b>		
42 Ferrari	16	71
<b>£15m</b>		
43 McLaren	11	55
<b>£14m</b>		
44 Sauber	-4	7
45 Jordan	-11	33
<b>£10m</b>		
46 Ligier	12	30
<b>£6m</b>		
47 Tyrrell	-5	17
<b>£5m</b>		
48 Arrows	-1	-1
<b>£3m</b>		
49 Minardi	-3	-9
<b>£1m</b>		
50 Forti	0	-7

## ENGINES

<b>£26m</b>		
51 Renault	20	100
<b>£18m</b>		
52 Ferrari	16	78
<b>£15m</b>		
53 Mercedes	12	66
<b>£12m</b>		
54 Peugeot	14	43
<b>£10m</b>		
55 Mugen	13	59
<b>£8m</b>		
56 Ford V10	0	23
<b>£6m</b>		
57 Yamaha	0	26
<b>£4m</b>		
58 Hart	0	13
<b>£3m</b>		
59 Ford Zetec V8	0	0
<b>£2m</b>		
60 Ford ED V8	11	22

JOIN OVER 24,000 READERS WHO ARE PLAYING FORMULA 1 DREAM TEAM







Ger happy

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## SPORT

THE DOC'S FINEST HOUR

1977 FA Cup final revisited 24

CLASH OF THE CODES

League ready for Union 25



# Clarke named Richmond's new captain

Rugby Union  
STEVE BALE

Whatever the incipient rugby union transfer market may portend, it will struggle to produce anything as dramatic as yesterday's five-man coup with which Richmond heralded the official start of club professionalism.

At the Café Royal in Regent Street, where they were founded 135 years ago, the newly-promoted Second Division club introduced the Bath and England back-row forward Ben Clarke as their new captain. They are also paying around £200,000 to gain the release from rugby league of the former Llanelli and Wales forward Scott Quinnell, whose contract with Wigan will terminate at the end of June.

The lock Richard West from Gloucester, prop Darren Crompton from Bath and wing Jim Fallon from Leeds RL club were the other three to be added to the half-backs acquired from Cardiff last month. Adrian Davies and Andy Moore. West won one cap as a member of England's 1995 World Cup squad. Crompton is an international, as is Fallon, a former Richmond and Bath player who is out of contract with Leeds.

Non-have Richmond, who are funded by a £2.5m investment by the Monte Carlo entrepreneur Ashley Levett, finished. They are in discussion with another leading union-to-league convert, the Wales centre Scott Gibbs of St Helens, whose transfer fee would be much the same as Quinnell's, and expect to attract a couple more "international-status" players

to their part of south-west London in the next week or two.

But they did not have the field to themselves yesterday now that the Rugby Football Union's season-long moratorium has finished. Leicester announced that their outstanding front-row trio - Graham Rowntree, Richard Cockerill and Darren Garforth, all yesterday included in Francois Pienaar's Barbarians team for the Peace Match against Ireland in Dublin on Saturday week - had signed five-year contracts and that the Scotland wing Craig Joiner was joining from the Metros. Within Scotland, the international prop Alan Watt yesterday transferred to Currie from Glasgow High.

The Scottish Rugby Union, nervous at the prospect of others following Joiner's lead, is to consider introducing loyalty payments for those who stay in Scotland, though it is difficult to see how they could hope to match the sums being paid out to the likes of Clarke and Quinnell.

In Clarke's case, a top-of-the-range five-year deal worth around £120,000 per annum has been enough to persuade him to leave Bath, even at a time when England's premier club have just done the double and also to take a chance on his England career by dropping into the Second Division. Not that the player sees it that way. "I have every intention of playing for England again and I wouldn't do anything to jeopardise my England career."

Both Clarke and Quinnell yesterday mouthed the usual platitude that what had really attracted them to Richmond was "the challenge". But in fairness to the club, their well-beeled

ambition is another allure and yesterday's appointment of John Kingston, coach for three years, as director of rugby will provide important continuity for the current squad, all of whom have signed contracts of intent binding them to Richmond until the end of next season.

Richmond's multiple early strike in the transfer market situates them strongly for a challenge in next season's Second Division, where two more of rugby union's nouveaux riches, Newcastle and Saracens, will provide intense competition.

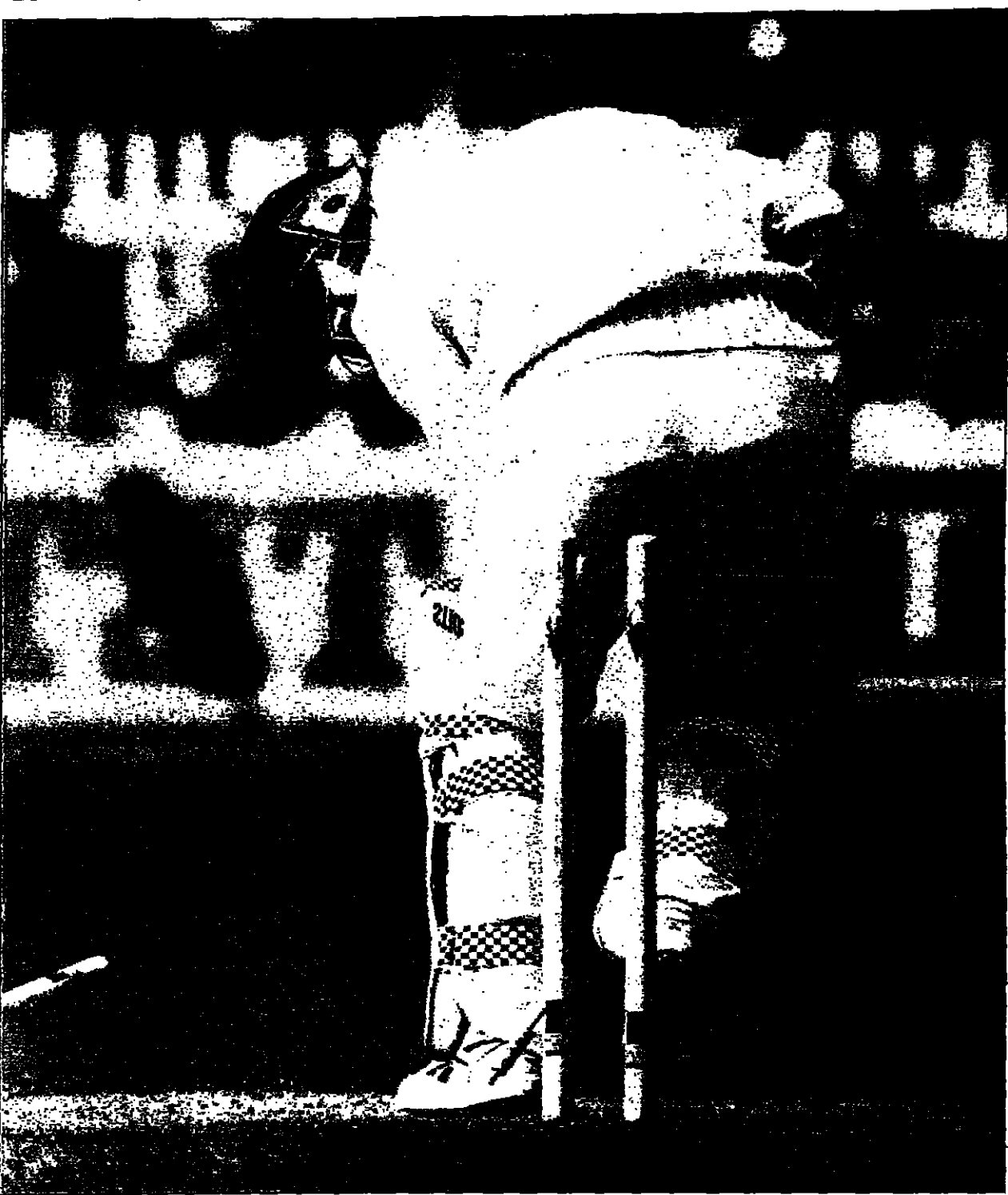
On that score, there remains the proviso that Saracens' relegation from the First still becomes reality if the RFU and the leading clubs under the umbrella of Epruc ever resolve their differences over finance and control of the professional game.

With promoted Richmond now members of Epruc, Symon Elliott, the chief executive, moved significantly from the support of the union, he expressed four weeks ago. "We are not in favour of a breakaway from the RFU but I am sympathetic with the aims of Epruc and I give them our full support in representing us at the table with the RFU," he said.

BARBARIANS to Ireland, Bath, 28 May; D Carnegie (New South Wales), E Pienaar (North Harbour), P Salla (Agen), P de Beville (Rugby), J Underwood (Leicester), S Bishop (Oxford), J Ross (France); G Rowntree, R Cockerill, D Garforth (Leicester), W Watt (Glasgow), P Watt (Glasgow), P Pienaar (France), capt, S Clarke (Richmond), L Cockerill (Richmond).

A decision on the case against Neil Back, the Leicester flanker, for pushing the referee at the end of last Saturday's Pilkington Cup final has been delayed to the end of the week so that Roy Manock, the RFU's national discipline officer, can study video evidence.

CRICKET: Sussex suffer from Brown's brilliance while Kent win thrilling contest



Martin Speight of Sussex surveys the damage done by Surrey's Chris Lewis at Hove Photograph: David Ashdown

## Lewis on target for rampant Surrey

DEREK PRINGLE  
reports from Hove  
Sussex 208; Surrey 209-1  
Surrey win by nine wickets

A brilliant unbeaten century by Alistair Brown, and some penetrative bowling by Brendon Julian and a resurgent Chris Lewis, saw Surrey to victory by nine wickets over Sussex, whose total of 208 was hopelessly inadequate in a game played on a flat pitch and in a howling gale.

It was Brown's first hundred in the Benson and Hedges Cup and he will not regret the timing of it. In 10 days the England selectors sit down to pick their one-day squad for the Texaco Trophy matches, and one of them - the England coach, David Lloyd - was there to see it.

If England are looking for an opening batsman who can play powerful strokes all around the wicket, then the 25-year-old Surrey batsman should fit the bill. In the end, his 117 came off just 105 balls, 74 of them in boundaries which included five sixes. The hapless off-spinner, Nick Phillips, playing in place of the injured Ian Salisbury, conceded 49 from five overs.

His captain, Alec Stewart, appeared to be in no less commanding form. With his feet moving more fluently than in the winter, his knock of 61 was full of stylish drives and cuts that seemed to pump soundlessly into the boundary boards, so sweetly were they timed.

It was not an easy day for bowlers, though Surrey's - particularly those lucky enough to bowl downhill (which also happened to be downhill) - made a far better fist of things. After a last-minute fitness test, Lewis quickly plucked Martin Speight's leg-stump with an inswinging yorker, before undoing Keith Greenfield with one that bounced to take the edge of his bat. When Lewis rested, Julian tormented with his late swing to get rid of the middle order.

It was a start that Sussex never really recovered from and they kept losing wickets at regular intervals. But for a last-wicket stand worth 46 between Paul Jarvis and Jason Levy, after Alan Wells had scored a staunch 69, the rout would have been completed far sooner.

Nick Speak and Neil Fairbrother shared an unbroken third-wicket stand of 169 to send Lancashire into the quarter-finals as the holders beat Leicestershire by eight wickets at Grace Road.

More reports, scoreboard, page 24

## Thompson lays down the law

Cricket

DAVID LLEWELLYN  
reports from Chelmsford  
Essex 225-6; Kent 226-9  
Kent win by one wicket

Julian Thompson has had a remarkable introduction to Benson and Hedges Cup cricket. Three wickets against Middlesex last week earned him the Gold Award, and he completed a man-of-the-match double with a couple of cheap wickets and a nerveless performance with the bat to help steer Kent to victory with two balls to spare over Essex at chilly Chelmsford.

Poor Essex just lost out, with the responsibility for the last

over falling on the relatively inexperienced shoulders of their overseas player, Australian Stuart Law, when perhaps they might have been better served by bringing on the under-used Ronnie Irani.

Kent needed eight runs off that last over, and a wide from Law did not help the Essex cause. Thompson, a junior houseman at the Royal Berkshire Hospital, pinched a single, and his last-wicket partner, Min Patel, edged a boundary and then dabbled the winning runs next ball.

Victory virtually assured Kent, with a superior run-rate in Group C, of a third successive quarter-final appearance, and their fifth in six years. Essex are also still in with a

shot, depending on everyone else's results and a victory over Somerset next Tuesday. There were some heroic performances from both teams throughout an absorbing day.

The West Indies Test all-rounder Carl Hooper contributed 45 runs in 57 balls to the Kent effort, having earlier picked up two Essex wickets. Nasser Hussain began scratchily but finished well in making 82, while Irani knocked up 43, including two thumping sixes in an Essex total that never really looked enough, as well as taking a brilliant catch at mid-on to account for Hooper. But there was a symmetry to Thompson's day.

He began by dismissing Graham Gooch, a wicket which

gave him an unusual trouble. In the space of seven days he has claimed the wickets of three England captains, the previous pair being Mike Gatting last Tuesday and Mike Atherton on Saturday.

Thompson followed that by accounting for the Essex captain, Paul Prichard, who by then had had his right index finger strapped up after a sharp delivery from Martin McCague had drawn blood.

Hussain and Law clicked along for 66 useful runs and when Law fell to Hooper, Irani shared in a stand of 86, but the innings lacked momentum throughout. No one on either side really took things by the scruff of the neck, and so Kent squeezed in by a nose.

## Francis fancied as Fry is sacked

Football

PHIL SHAW

Barry Fry's rollercoaster reign as manager of Birmingham City ended in dismissal and a typically quotable parting shot yesterday, 36 hours after an assurance from the co-owner, David Sullivan, that his future was secure.

After his sacking, callers to Fry's home were met with an answerphone message. "Kristine's gone shopping as usual," he said, "and I've gone to the job centre looking for employment. Funny old game, innit?"

Birmingham were already busy drawing up a shortlist of possible successors with a view to an early appointment. Sullivan cited "Premiership quality and a proven track record" as their main criteria. Trevor Francis, idol of St Andrew's 25 years ago, was installed as favourite.

George Graham, whose year-long ban from management ends next month, was Birmingham's first choice. An approach

is thought to have been met with a "thanks, but no thanks" from the former Arsenal manager, who may instead re-emerge with Leeds or Chelsea.

Terry Venables also becomes free from his England commitments at the same time, though he may also be setting his sights higher. Apart from Francis, whose pedigree includes third place in the Premier League plus two Wembley finals, realistic candidates include Mike Walker, Chris Nicholl, Steve Coppell and Steve Bruce. Graeme Souness, who has parted company with Galatasaray, could also come into the reckoning.

Fry, 51, paid for a poor second half of a season in which Birmingham stood third in the First Division on Boxing Day. Their final position, 15th, was the club's highest in a decade, but they took one point from the last four games and failed to win away after November.

Sullivan and the joint owners, Ralph and David Gold, complained in the programme for Sunday's defeat by Reading about "gutless" displays. But the Essex-based publisher later told

Thomas set for Bayern

Michael Thomas is set to quit Liverpool for Bayern Munich. The 28-year-old former Arsenal midfielder, who has been unable to hold down a first-team place, has rejected a new contract and will not cost the Bundesliga club a fee. Uwe Rösler, the Manchester City striker, is also reported to be attracting Bayern's attention.

The club phone line: "We'll start next season with Barry Fry as manager unless Barry decides otherwise."

Changing his tune yesterday, Sullivan said: "It's purely because we want to win promotion

next season, and despite Barry's efforts and commitment we didn't think he could take us any further. After three years and 61 players, we think someone else is entitled to have a go."

He expected the former Barnet manager to be with "a club like Notts County or Luton" shortly.

In the two and a half years after his defection from Southend to Birmingham, Fry presided over relegation from the First, a Second Division championship and Auto Windscreens Shield double, and a run to the Coca-Cola Cup semi-finals this season. He bought more than 50 players at a cost of over £5m and sold nearly 40 for around £5m.

The last match of the Fry era may incur the wrath of the Football Association's disciplinary committee. Three Birmingham players and one from Aston Villa were sent off in Monday's Birmingham Senior Cup final, resulting in a report by the

County FA to Lancaster Gate.

Peter Reid, whose transfer dealings at Sunderland were by financial necessity in stark contrast to Fry's, was yesterday named Manager of the Year by his contemporaries. Reid pipped Alex Ferguson, of Manchester United, in the annual poll of members of the League Managers' Association.

The LMA secretary, John Camkin, said the award was recognition that Reid made "the best use of resources available" in taking Sunderland to the First Division title.

Gordon Milne, the former Coventry and Leicester manager, has taken charge of Bursaspor, of Turkey, after leaving Japan's Grampus Eight.

Darren Anderton, the Tottenham player, is expected to be named in Terry Venables' England squad today for the match against Hungary on 18 May and the Far East tour. Venables expects to confirm from Felling that the Chinese leg of the tour will go ahead despite his reservations about facilities.

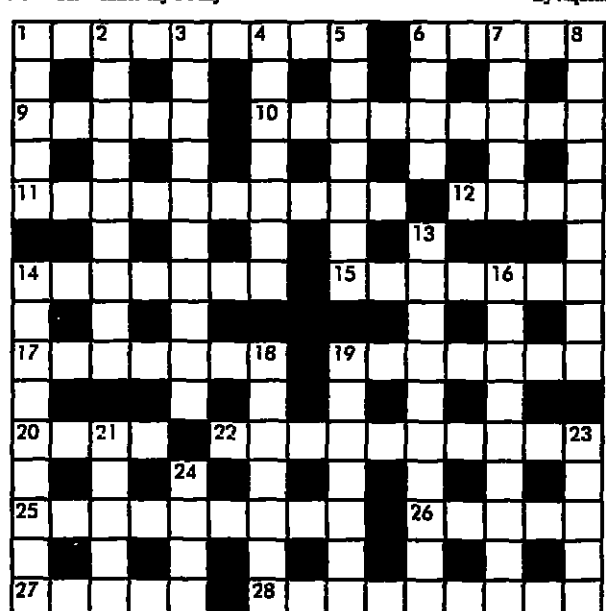
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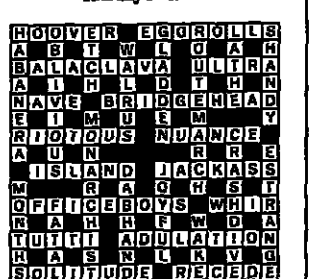
No. 2981, Wednesday 8 May

By Aquila



- (9)
- Week's short to amend rough design-drafts (4-6)
  - Impetuous African warriors ring America (7)
  - Accommodating characters from Castile (7)
  - Scrap brings success to Welsh (4)
  - Cry of disgust after party makes money (5)
  - Endlessly, sailors band together following summer abroad (9)
  - Irishman almost laid out polishing off pop, we hear (9)
  - This is a place for tennis-elbow - mind out! (9)
  - Average city-woman in custom-built constitution (6,3)
  - Through which one hears "A murder has been arranged" (7)
  - Elegant, deliberate way at cathedral (7)
  - Course record - many will not finish (5)
  - Rambler with one sovereign in her grasp (5)
  - Nelson, for example, in ship's

Tuesday's solution



- ACROSS
- One-time Egyptian whistler in variety (9)
  - Club gives women slight advantage (5)
  - Orwell's bachelor-pad (5)
  - Parking licence is commonplace (9)
  - Pact gives quality to the ordinary things we say (10)
  - "Charity begins at home" - leading feature (4)
  - Cricket strips stick - we erupt! (7)
  - Opening left where altar stands (7)
  - Bagpipe outfit in silent surroundings (7)
- DOWN
- Angle - bad blow to English? (5)
  - Plants counterfeit diamonds
  - Rosie's strongest tuppence? (6)
  - Sediment (from ale, especially) (4)
  - Material of a Norfolk jacket? (10)
  - Princess's meal gives rise to debate (9)
  - Who would have challenged such a deadly robot (5)
  - Made out after nervous start and given title (5)
  - Spring blossom of marsh-marigold (9)

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